



Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Quarterly Remittance Return of Final Income Taxes Withheld

BIR Form No.

1603

July 1999 (ENCS)

On Fringe Benefits Paid to Employees Other than Rank and File

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For the Year (YYYY) ▶ <input type="text"/>	2 Quarter ▶ <input type="checkbox"/> 1st <input type="checkbox"/> 2nd <input type="checkbox"/> 3rd <input type="checkbox"/> 4th	3 Months Reflected in this Return ▶ <input type="text"/>	4 Amended Return? ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No	5 Any Taxes Withheld? ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No
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Part I Background Information

6 TIN ▶ <input type="text"/>	7 RDO Code ▶ <input type="text"/>	8 Line of Business/ Occupation ▶ <input type="text"/>
9 Withholding Agent's Name (Last Name, First Name, Middle Name for Individuals)/(Registered Name for Non-Individuals) ▶ <input type="text"/>		10 Telephone No. ▶ <input type="text"/>
11 Registered Address ▶ <input type="text"/>		12 Zip Code ▶ <input type="text"/>
13 Category of Withholding Agent ▶ <input type="checkbox"/> Private <input type="checkbox"/> Government	14 Are there payees availing of tax relief under Special Law or International Tax Treaty? ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, specify <input type="text"/>	

Part II COMPUTATION OF TAX

Recipients	ATC	Monetary Value of Fringe Benefit	Percentage Divisor	Tax Base Grossed-up Monetary Value	Tax Rate	Tax Required To Be Withheld
15 Alien & Filipino employed & occupying the same position as those of aliens employed in selected multinational companies	WI 320	•	85%	•	15%	•
16 Non-resident Alien not Engaged in Trade or Business	WI 330	•	75%	•	25%	•
17 Others (In General)*	WI 360	•				
18 Total	18A	<input type="text"/>			18B	<input type="text"/>
19 Less: Taxes Remitted in Return previously filed, if this is an Amended Return					19	<input type="text"/>
20 Tax Still Due/ (Overremittance)					20	<input type="text"/>
21 Add: Penalties						
21A Surcharge	21B Interest	21C Compromise			21D	<input type="text"/>
22 Total Amount Still Due/ (Overremittance)					22	<input type="text"/>

For late filers with overremittance, extend amount of penalties (Item 21D to 22)
If overremittance, mark one box only: To be Refunded To be issued a Tax Credit Certificate

I declare, under the penalties of perjury, that this return has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

23 _____ **24** _____
Taxpayer/Authorized Agent Signature over Printed Name Title/Position of Signatory

Part III Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date			Amount
			MM	DD	YYYY	
25 Cash/ Bank Debit Memo						25 ▶ <input type="text"/>
26 Check	26A ▶ <input type="text"/>	26B ▶ <input type="text"/>	26C ▶ <input type="text"/>	<input type="text"/>	<input type="text"/>	26D ▶ <input type="text"/>
27 Others	27A ▶ <input type="text"/>	27B ▶ <input type="text"/>	27C ▶ <input type="text"/>	<input type="text"/>	<input type="text"/>	27D ▶ <input type="text"/>

Stamp of Receiving Office and Date of Receipt

Machine Validation/Revenue Official Receipt Details (If not filed with the bank)

*Note: For Tax Rate and Percentage of Others (In General), please see instruction at the back

**BIR Form No. 1603 - Quarterly Remittance Return of Final Income Taxes Withheld
(On Fringe Benefits Paid to Employees Other than Rank and File)
Guidelines and Instructions**

WHO SHALL FILE

This return shall be filed in triplicate by every withholding agent (WA)/payor who is either an individual or non-individual, required to deduct and withhold taxes on fringe benefits furnished or granted to employees other than rank and file employees subject to Final Withholding Taxes.

If the Government of the Philippines, its political subdivisions or any Agency or Instrumentality, as well as government-owned or controlled corporation is the withholding agent/payor, the return may be made by the officer or employee having control of disbursement of income payment or other officer or employee appropriately designated for the purpose.

If the person required to withhold and pay the tax is a corporation, the return shall be made in the name of the corporation and shall be signed and verified by the president, vice-president, or any authorized officer and countersigned by the treasurer or assistant treasurer.

With respect to a fiduciary, the returns shall be made in the name of the individual, estate or trust for which such fiduciary acts and shall be signed and verified by such fiduciary. In case of two or more joint fiduciaries, the return shall be signed and verified by one of such fiduciaries.

WHEN AND WHERE TO FILE AND REMIT

The return shall be filed and the tax paid on or before the twenty-fifth (25th) day of the month following the quarter in which the fringe benefits were granted to the recipients.

The return shall be filed and the tax paid with the Authorized Agent Bank (AAB) of the Revenue District Office having jurisdiction over the withholding agent's place of business/office. In places where there are no Authorized Agent Banks, the return shall be filed and the tax paid with the Revenue Collection Officer or the duly Authorized City or Municipal Treasurer of the Revenue District Office having jurisdiction over the withholding agent's place of business/office, who will issue a Revenue Official Receipt (BIR Form No.2524) therefor.

Where the return is filed with an AAB, the lower portion of the return must be properly machine-validated and duly stamped by the Authorized Agent Bank to serve as the receipt of payment. The machine validation shall reflect the date of payment, amount paid and transaction code, and the stamped mark shall show the name of the bank, branch code, teller's code and teller's initial. The AAB shall also issue an official receipt or bank debit advice or credit document, whichever is applicable, as additional proof of payment.

A taxpayer may file a separate return for the head office and for each branch or place of business/office or a consolidated return for the head office and all the branches/offices except in the case of large taxpayers where only one consolidated return is required.

FRINGE BENEFIT DEFINED

Fringe benefit means any good, service or other benefit furnished or granted by an employer in cash or in kind, in addition to basic salaries to employees (except rank and file employees) such as, but not limited to the following:

1. Housing;
2. Expense account;
3. Vehicle of any kind;
4. Household personnel, such as maid, driver and others;
5. Interest on loan at less than market rate to the extent of the difference between the market rate and actual rate granted;
6. Membership fees, dues and other expenses borne by the employer for the employee in social and athletic clubs or other similar organizations;
7. Expenses for foreign travel;
8. Holiday and vacation expenses;
9. Educational assistance to the employee or his dependents; and
10. Life or health insurance and other non-life insurance premiums or similar amounts in excess of what the law allows.

ATC AND TAX RATE

The fringe benefit tax shall be imposed at the following rates:

ATC	In general	TAX RATE
WI 360	Effective January 1, 1999	33%
	Effective January 1, 2000	32%
WI 330	For non-resident alien individual who is not engaged in trade or business in the Philippines	25%
WI 320	For Alien and Filipino employed and occupying the same position as those of aliens employed by the following multinational companies:	
	1) regional or area headquarters of a multinational company or regional operating headquarters of a multinational company	15%
	2) an offshore banking unit of a foreign bank established in the Philippines	15%
	3) a foreign service contractor or a foreign service subcontractor engaged in petroleum operations in the Philippines	15%

COMPUTATION OF TAX

The final withholding tax on fringe benefit shall be computed based on the taxable **grossed-up monetary value** * multiplied by the applicable tax rate

* The grossed-up monetary value of the fringe benefit shall be determined by dividing the monetary value of the fringe benefit as provided for in Revenue Regulations No 3-98 by the percentage divisor in accordance with the following schedule:

For citizen, resident alien, and non-resident alien engaged in trade or business in the Philippines:	
Effective January 1, 1999	67%
Effective January 1, 2000	68%
For non-resident alien not engaged in trade or business in the Philippines	75%
For Alien and Filipino employed and occupying the same position as those of aliens employed by the following multinational companies:	
1) regional or area headquarters of a multinational company or regional operating headquarters of a multinational company	85%
2) an offshore banking unit of a foreign bank established in the Philippines	85%
3) a foreign service contractor or a foreign service subcontractor engaged in petroleum operations in the Philippines	85%

Penalties

There shall be imposed and collected as part of the tax:

1. A surcharge of twenty five percent (25%) for each of the following violations:
 - a. Failure to file any return and pay the amount of tax or installment due on or before the due date;
 - b. Unless otherwise authorized by the Commissioner, filing a return with a person or office other than those with whom it is required to be filed;
 - c. Failure to pay the full or part of the amount of tax shown on the return, or the full amount of tax due for which no return is required to be filed on or before the due date;
 - d. Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment.
2. A surcharge of fifty percent (50%) of the tax or of the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud, for each of the following violations:
 - a. Willful neglect to file the return within the period prescribed by the Code or by rules and regulations; or
 - b. In case a false or fraudulent return is willfully made.
3. Interest at the rate of twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations, on any unpaid amount of tax, from the date prescribed for payment until the amount is fully paid.
4. Compromise penalty.

All background information must be properly filled up.

- Box Nos. 1 and 2 refer to transaction period and not the date of filing this return.
- The last 3 digits of the 12-digit TIN refers to the branch code.
- TIN = Taxpayer Identification Number

ENCS

(Quarterly Remittance Return of Final Income Taxes Withheld -
On Fringe Benefits Paid to Employees Other Than Rank and File)

NOTES:

- a.) Computation of tax and explanations thereto are based on the items / numbers provided in the above mentioned form
- b.) Items 6 to 14 refer to the background information of the taxpayer

Part II Computation of Tax

15, 16, 17. Indicate the Monetary Value of Fringe Benefit* multiplied by the applicable tax rate.

*Grossed-up monetary value tax base of the fringe benefit shall be determined by dividing the monetary value of the fringe benefit as provided for in Revenue Regulations No. 3-98 by the percentage divisor using the following schedule:

Tax Rate	% Divisor	FRINGE BENEFIT RECIPIENTS	
15.	15%	85%	For Alien and Filipino employed and occupying the same position as those aliens employed by the following multinational companies (MNCs) 1. Regional or area Headquarters of a MNC or Regional operating Headquarters of a MNC 2. An offshore banking unit of a foreign bank established in the Philippines 3. A foreign service contractor or subcontractor engaged in petroleum operations in the Philippines.
16.	25%	75%	For non-resident, and nonresident alien not engaged in trade or business in the Philippines
17.	32%	68%	For citizen, resident alien, and nonresident alien engaged in trade or business in the Philippines effective January 1, 2000

18A Indicate the total amount of fringe benefit by adding the amount reflected in the column "Monetary Value of Fringe Benefit" of Items #15, 16 and 17.

18B Indicate the total amount of tax withheld by adding the amount reflected in the column "Tax Required to be Withheld" of Items #15, 16 and 17.

19. If this is an amended return, deduct Tax Remitted in Return previously filed, (Item #22 of original return).

20. To get the Tax Still Due/(Overremittance) of Item 20 deduct Item 19 from Item 18B and proceed to Item 22.

21. For late filers with overremittance, extend amount of penalties and which are as follows and add surcharge (21A) + interest (21B) + compromise penalties and place in 21D.

Surcharge:

A surcharge of fifty percent (50%) shall be imposed of the tax or of the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud, for each of the following violations:

- A. Willful neglect to file the return within the period prescribed by the Code or by rules and regulations; or
- B. In case a false or fraudulent return is willfully made.

A surcharge of twenty-five percent (25%) shall be imposed for each of the following violations:

- A. Failure to file any return and pay the amount of tax or installment due on or before the due date;
- B. Unless otherwise authorized by the Commissioner, filing a return with a person or office other than those with whom it is required to be filed;
- C. Failure to pay the full or part of the amount of tax shown on the return, or the full amount of tax due for which no return is required to be filed on or before the due date;
- D. Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment.

21A Surcharge

Interest: A twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations (RMO 1-90), or any unpaid amount of tax, from the date prescribed for the payment until the amount is fully paid.

21B Interest

Compromise: Compromise penalty based on RMO 1-90

21C Compromise

20. To get the Total Amount Still Due/(Overremittance) add Sum of Items 21D and 22.

NOTE: For overremittance, mark the appropriate box if it is to be refunded or to be issued a Tax Credit Certificate (TCC).