



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**CENTRAL OFFICE  
MANILA**

097.7 DPWH  
01-10-2018

January 8, 2018

DEPARTMENT MEMORANDUM )

CIRCULAR NO. )

Series of 2018 )

04

01.10.18

**FOR / TO : Undersecretaries  
Assistant Secretaries  
Service Directors  
Bureau Directors  
Regional Directors  
Heads of UPMOs  
District Engineers  
This Department**

For information and guidance, attached is a copy of **Revenue Memorandum Circular No. 1-2018** dated January 4, 2018 with subject "**Prescribes the procedures on the use of Withholding Tax Table on Compensation Income and Advises on the Change of Creditable Withholding Tax Rate on Certain Income Payments to Individuals**".

A copy of said Memorandum may also be downloaded from the **DPWH website: <http://dpwhweb>**. If an office cannot access the DPWH website, a hard copy may be obtained from the Records Management Division, HRAS upon request.

For dissemination to all concerned.

  
**B. ELIZABETH E. YAP, Ph.D., CESO III**  
Assistant Secretary for Support Services

Cc: Office of the Secretary

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE  
Quezon City

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January 4, 2018

REVENUE MEMORANDUM CIRCULAR NO. 1-2018

**SUBJECT** : Prescribes the Procedures on the use of Withholding Tax Table on Compensation Income and Advises on the Change of Creditable Withholding Tax Rate on Certain Income Payments to Individuals

**TO** : All Internal Revenue Officials, Employees and Others Concerned

This Revenue Memorandum Circular (RMC) is issued pursuant to the amendments to the National Internal Revenue Code introduced under Republic Act No. 10963, effective January 1, 2018, with the following objectives:

- (A) To supplement RMC No. 105-2017 dated December 28, 2017 by providing the steps on how to use the revised Withholding Tax Table on Compensation; and
- (B) To advise on the change in the Creditable Withholding Tax Rate on Income Payments to Self-employed Individuals or Professionals.

**A. Steps in the Use of the Withholding Tax Table**

In general, every employer paying compensation to its employee/s shall deduct and withhold from such compensation a tax determined in accordance with the prescribed Revised Withholding Tax Tables, version 2 (Annex "A").

**Step 1.** Determine the total amount of monetary and non-monetary compensation paid to an employee for the payroll period: monthly, semi-monthly, weekly or daily, as the case may be, segregating non-taxable benefits and mandatory contributions.

**Step 2.** Use the appropriate table in Annex "A" for the applicable payroll period.

**Step 3.** Determine the compensation range of the employee and apply the applicable tax rates prescribed thereon.

**Step 4.** Compute the withholding tax due by adding the tax predetermined in the compensation range indicated on the column used and the tax on the excess of the total compensation over the minimum of the compensation range.

*S. N. LAM*

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## Sample Computations Using the Withholding Tax Tables

The following are sample computations of withholding tax on compensation using the prescribed withholding tax tables:

**Example 1:** An employee receiving daily compensation in the amount of P2,500.00, net of mandatory contributions.

### Computation:

By using the daily withholding tax table, the withholding tax beginning January 2018 is computed by referring to compensation range under column 4 which shows a predetermined tax of P356.16 on P2,192.00 plus 30% of the excess of Compensation Range (Minimum) amounting to P308.00 (P2,500.00 – P2,192.00) which is P92.40. As such, the withholding tax to be withheld by the employer shall be P448.56.

Total taxable compensation	P 2,500.00
Less: Compensation Range (Minimum)	<u>2,192.00</u>
Excess	P <u>308.00</u>

### Withholding tax shall be computed as follows:

Predetermined Tax on P2,192.00	P 356.16
Add: Tax on the excess (P308.00 x 30%)	<u>92.40</u>
Total daily withholding tax	P <u>448.56</u>

**Example 2:** An employee receiving weekly compensation in the amount of P9,500.00, net of mandatory contributions.

### Computation:

By using the weekly withholding tax table, the withholding tax beginning January 2018 is computed by referring to compensation range under column 3 which shows a predetermined tax of P576.92 on P7,692.00 plus 25% of the excess of Compensation Range (Minimum) amounting to P1,808.00 (P9,500.00 – P7,692.00) which is P452.00. As such, the withholding tax to be withheld by the employer shall be P1,028.92.

Total taxable compensation	P 9,500.00
Less: Compensation Range (Minimum)	<u>7,692.00</u>
Excess	P <u>1,808.00</u>

### Withholding tax shall be computed as follows:

Tax on P7,692.00	P 576.92
Tax on the excess (P1,808.00 x 25%)	<u>452.00</u>
Total weekly withholding tax	P <u>1,028.92</u>

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**Example 3:** An employee receiving semi-monthly compensation in the amount of ₱15,500.00, net of mandatory contributions.

**Computation:**

By using the semi-monthly withholding tax table, the withholding tax beginning January 2018 is computed by referring to compensation range under column 2 which shows a predetermined tax of ₱0.00 on ₱10,417.00 plus 20% of the excess of Compensation Range (Minimum) amounting to ₱5,083.00 (₱15,500.00 – ₱10,417.00) which is ₱1,016.60. As such, the withholding tax to be withheld by the employer shall be ₱1,016.60.

Total taxable compensation	₱ 15,500.00
Less: Compensation Range (Minimum)	<u>10,417.00</u>
Excess	₱ <u>5,083.00</u>

**Withholding tax shall be computed as follows:**

Tax on ₱10,417.00	₱ 0.00
Tax on the excess (₱5,083.00 x 20%)	<u>1,016.60</u>
<b>Total semi-monthly withholding tax</b>	₱ <u><b>1,016.60</b></u>

**Example 4:** An employee receiving monthly compensation in the amount of ₱170,500.00 with supplemental compensation in the amount of ₱5,000.00, net of mandatory contributions.

**Computation:**

By using the monthly withholding tax table, the withholding tax beginning January 2018 is computed by referring to compensation range under column 2 which shows a predetermined tax of ₱40,833.33 on ₱166,667.00 plus 32% of the excess of Compensation Range (Minimum) amounting to ₱8,833.00 (₱170,500.00 + ₱5,000 – ₱166,667.00) which is ₱2,826.56. As such, the withholding tax to be withheld by the employer shall be ₱43,659.89.

Total taxable compensation	₱ 170,500.00
Less: Compensation Range (Minimum)	<u>166,667.00</u>
Excess	₱ 3,833.00
Add: Supplemental Compensation	<u>5,000.00</u>
Total Taxable compensation for the month	₱ <u><b>8,833.00</b></u>

**Withholding tax shall be computed as follows:**

Tax on ₱166,667.00	₱ 40,833.33
Tax on the excess including supplemental compensation (₱8,833.00 x 32%)	<u>2,826.56</u>
<b>Total monthly withholding tax</b>	₱ <u><b>43,659.89</b></u>

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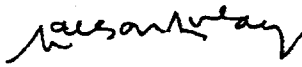
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**B. Change in the Creditable Withholding Tax Rate on Income Payments to Self-employed Individuals or Professionals**

The following Income Payments to Self-employed Individuals or Professionals shall be subject to Eight Percent (8%):

1. Professional fees, talent fees, commissions, etc. for services rendered by individuals;
2. Income distribution to beneficiaries of Estates and Trusts;
3. Income Payment to certain brokers and agents;
4. Income Payments to partners of general professional partnership;
5. Professional fees paid to medical practitioners; and
6. Commission of independent and/or exclusive sales representatives, and marketing agents of companies.

All internal revenue officials, employees and other concerned are hereby enjoined to give this Circular as wide publicity as possible.

  
**CAESAR R. DULAY**  
Commissioner of Internal Revenue.

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## ANNEX "A"

<b>REVISED WITHHOLDING TAX TABLE (version 2)</b>						
Effective January 1, 2018 to December 31, 2022						
<b>DAILY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Compensation Range	P 685 and below	P 685- P1,095	P1,096 - P2,191	P 2,192 – P5,478	P 5,479 – P21,917	P 21,918 and above
Prescribed Withholding Tax	0.00	0.00 + 20% over P 685	P 82.19 + 25% over P1,096	P 356.16 + 30% over P2,192	P 1,342.47 + 32% over P5,479	P 6,602.74 + 35% over P21,918
<b>WEEKLY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Compensation Range	P 4,808 and below	P 4,808 – P7,691	P7,692 – P 15,384	P 15,385 – P38,461	P 38,462 – P153,845	P 153,846 and above
Prescribed Withholding Tax	0.00	0.00 + 20% over P4,808	P 576.92 + 25% over P7,692	P 2,500.00 + 30% over P15,385	P 9,423.08 + 32% over P38,462	P 46,346.15 + 35% over P153,846
<b>SEMI-MONTHLY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Compensation Range	P 10,417 and below	P 10,417- P16,666	P 16,667- P33,332	P 33,333 – P83,332	P 83,333 – P333,332	P 333,333 and above
Prescribed Withholding Tax	0.00	0.00 + 20% over P10,417	1,250.00 + 25% over P16,667	5,416.67 + 30% over P33,333	20,416.67 + 32% over P83,333	100,416.67 + 35% over P333,333
<b>MONTHLY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Compensation Range	P 20,833 and below	P 20,833 – P33,332	P33,333- P 66,666	P66,667-P166,666	P166,667-P 666,666	P 666,667 and above
Prescribed Withholding Tax	0.00	0.0 + 20% over P 20,833	P 2,500.00 + 25% over P33,333	P 10,833.33 + 30% over P66,667	P 40,833.33 + 32% over P166,667	P 200,833.33 +35% over P666,667

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