



Republika ng Pilipinas  
Kagawaran ng Pananalapi  
Kawanihan ng Rentas Internas

# Quarterly Remittance Return of Final Income Taxes Withheld

BIR Form No.

# 1603

On Fringe Benefits Paid to Employees Other than Rank and File

November 2004 (ENCS)

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

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

<b>6</b> TIN -	<b>7</b> RDO Code -	<b>8</b> Line of Business/ Occupation -
<b>9</b> Withholding Agent's Name (Last Name, First Name, Middle Name for Individuals)/(Registered Name for Non-Individuals) -		<b>10</b> Telephone No. -
<b>11</b> Registered Address -		<b>12</b> Zip Code -
<b>13</b> Category of Withholding Agent - <input type="checkbox"/> Private <input type="checkbox"/> Government	<b>14</b> 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	

### 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
<b>15</b> Alien & Filipino employed & occupying the same position as those of aliens employed in selected multinational companies	WF 320		85%		15%	
<b>16</b> Non-resident Alien not Engaged in Trade or Business	WF 330		75%		25%	
<b>17</b> Others ( In General)*	WF 360					
<b>18</b> Total	<b>18A</b>				<b>18B</b>	
<b>19</b> Less: Taxes Remitted in Return previously filed, if this is an Amended Return					<b>19</b>	
<b>20</b> Tax Still Due/ (Overremittance)					<b>20</b>	
<b>21</b> Add: Penalties						
<b>21A</b> Surcharge	<b>21B</b> Interest	<b>21C</b> Compromise			<b>21D</b>	
<b>22</b> Total Amount Still Due/ (Overremittance)					<b>22</b>	

If overremittance, mark one box only:  To be Refunded  To be issued a Tax Credit Certificate

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

**23** \_\_\_\_\_  
President/Vice President/Principal Officer/Accredited Tax Agent/Authorized Representative/Taxpayer  
(Signature over printed Name)

\_\_\_\_\_  
Title/Position of Signatory

\_\_\_\_\_  
TIN of Accredited Tax Agent (if applicable)

**24** \_\_\_\_\_  
Treasurer/Asst. Treasurer  
(Signature over printed Name)

\_\_\_\_\_  
Title/Position of Signatory

\_\_\_\_\_  
Tax Agent Accreditation No. (if applicable)

### Part III Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date			Amount
			MM	DD	YYYY	
<b>25</b> Cash/Bank Debit Memo 25A	25B	25C				25D
<b>26</b> Check 26A	26B	26C				26D
<b>27</b> Others 27A	27B	27C				27D

Stamp of Receiving Office and Date of Receipt

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

\*Note: For tax rates and percentage of divisors, please see instruction at the back (In General)

**BIR Form No. 1603- Quarterly Remittance Return of 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 WA is an individual, himself or his duly authorized representative shall file the return.

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 other principal officer and countersigned by the treasurer or assistant treasurer.

With respect to a fiduciary, the return 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.

Authorized Representative and Accredited Tax Agent filing in behalf of the taxpayer shall also use this form to pay taxes mentioned in the preceding paragraph.

In case of individual and non-individual WA represented by duly accredited tax agent, the return shall be filed bearing the information specified below.

**WHEN AND WHERE TO FILE AND PAY**

The return shall be filed and payments made on or before the 10<sup>th</sup> day of the month following the calendar quarter in which the fringe benefits were granted.

Provided, however, that with respect to WAs who filed through the Electronic Filing and Payment System (EFPS), the deadline for electronically filing and paying the taxes due thereon shall be in accordance with the provisions of existing applicable revenue issuances.

The return shall be filed and the tax paid with the Authorized Agent Bank (AAB) of the Revenue District Office (RDO) having jurisdiction over the WA's place of business/office. In places where there are no AABs, the return shall be filed and the tax paid with the Revenue Collection Officer or the duly Authorized City or Municipal Treasurer of the RDO having jurisdiction over the WA'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, taxpayer must accomplish and submit BIR-prescribed deposit slip, which the bank teller shall machine validate as evidence that payment was received by the AAB. The AAB receiving the tax return shall stamp mark the word "Received" on the return and also machine validate the return as proof of filing the return and payment of the tax by the taxpayer, respectively. The machine validation shall reflect the date of payment, amount paid and transactions code, the name of the bank, branch code, teller's code and teller's initial. Bank debit memo number and date should be indicated in the return for taxpayers paying under the bank debit system.

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:

<b>ATC</b>	<b>TAX RATE</b>
WF 360 * In general	
Effective January 1, 1999	33%
Effective January 1, 2000	32%
WF 330 For non-resident alien individual who is not engaged in trade or business in the Philippines	25%
WF 320 For alien or Filipino individuals employed by Foreign Petroleum Service Contractors/Subcontractors, Offshore Banking Units and Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies occupying executive/managerial and technical positions	15%

Note: Employees in special economic zones, including Clark Special Economic Zone and Subic Special Economic and Free Trade Zone, subject to the normal rate of fringe benefit tax or the special rates of 25% or 15% as herein provided.

**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:

* In general, 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 or Filipino individuals employed by Foreign Petroleum Service Contractors/Subcontractors, Offshore Banking Units and Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies occupying executive/managerial and technical positions	85%

Note: Employees in special economic zones, including Clark Special Economic Zone and Subic Special Economic and Free Trade Zone, subject to the applicable divisor as herein provided.

**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 the payment until the amount is fully paid.
4. Compromise penalty.

**Note: All background information must be properly filled up.**

- All returns filed by an authorized representative must attach authorization letter.
- All returns filed by an accredited tax agent on behalf of a taxpayer shall bear the following information:
  - A. For CPAs and others (individual practitioners and members of GPPs):
    - a.1 Taxpayer Identification Number (TIN); and
    - a.2 Certificate of Accreditation Number, Date of Issuance, and Date of Expiry.
  - B. For members of the Philippine Bar (individual practitioners, members of GPPs):
    - b.1 Taxpayer Identification Number (TIN); and
    - b.2 Attorney's Roll number or Accreditation Number, if any.
- Box Nos. 1 & 2 refer to transaction period and not the date of filing this return.
- The last 3 digits of the 12-digit TIN refer to the branch code.
- TIN = Taxpayer Identification Number
- In case of Large Taxpayer filing consolidated return, an accompanying schedule shall be attached with the following information:
  - A. Month covered;
  - B. Name and addresses of Head Office and branches/units; and
  - C. Amount of withholding taxes to be remitted.