



# Philippine Localization

In the Philippines, corporations and persons engaged in business may be required by the Bureau of Internal Revenue (BIR) to withhold taxes on payments or income. Withholding tax is an effective tool used by the government to collect taxes. It encourages compliance from the tax payers and reduces collection effort from the government.

## Who are Required to Withhold Taxes?

## Key Information You Need to Know About Withholding Tax

- Individuals engaged in business or practice of profession
  - Non-individuals (corporations, associations, partnership, cooperatives) whether engaged in business or not
  - Government agencies and its instrumentalities (National Government Agencies (NGAs), Government-owned or Controlled Corporations (GOCCs), Local Government Units including Barangays (LGUs)
- \* Mandatory withholding of top withholding agents:
- Top 20,000 private corporations
  - Top 5,000 individual taxpayers
  - Medium Taxpayers, and those under the Taxpayer Account Management Program (TAMP).

**Creditable withholding tax** - tax which is withheld by the buyer/withholding agent from his payment to the seller for the sale of the seller's ordinary asset/services, and which tax is creditable against the income tax payable of the seller.

**Expanded** - a kind of withholding tax which is prescribed on certain income payments & is creditable against the income tax due of the payee for the taxable quarter/year in which the income was earned.

**Final Withholding Tax** - a kind of withholding tax which is prescribed on certain income payments & is not creditable against the income tax due of the payee on other income subject to regular rates of tax for the taxable year.

## BIR Form 2307

- **BIR Form 2307 - Certificate of Creditable Tax Withheld At Source**

### Issuance:

*For VAT Withholding* - on or before the 10th day of the month following the month in which withholding was made.

*For EWT* - on or before the 20th day of the month following the close of the taxable quarter.



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Systems International, Inc.**

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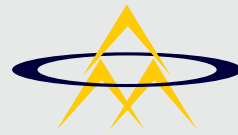
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## Philippine Withholding Tax Localization



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### The Burden of Tax Compliance

**Tax compliance is a must! Otherwise you might end up in trouble and pay unwanted penalties.**

Recording and preparing of withholding tax can be time consuming and prone to errors especially if you are doing it manually. Imagine if you are a with-holding agent and you have many suppliers. You need to issue each one of them BIR Form 2307 or the Certificate of Creditable Tax Withheld at Source on a monthly or quarterly basis. Sometimes, even after every transaction. Plus, you still have the other BIR reports you need to comply monthly, quarterly and annually. This can take up a lot of your time.



#### Withholding Tax Compliance Made Easier

**Philippine Localization for Microsoft Dynamics 365 Business Central** makes it easier for businesses in the Philippines to comply with the Bureau of Internal Revenue regulation. Dynamics 365 Business Central is a business management solution that helps companies like you connect your financials, sales, service, and operations to streamline business processes and increase efficiency throughout your organization. With a connected enterprise, it is easier to manage, and access data needed for tax compliance.

#### Philippine Localization

The Philippine Localization app enables the calculation of the expanded withholding tax based on the different withholding tax rates as mandated by the Bureau of Internal Revenue in the Philippines. It also includes the generation of BIR Form 2307 Certificate of Creditable Tax Withheld at Source compliant with the regulatory requirements.

#### Features & Benefits



- Be tax compliant and avoid penalties
- Reduce errors by automatic computation of withholding tax
- Improve productivity by easily generating the mandated BIR Form 2307 (Certificate of Creditable Tax Withheld at Source)
- Shorten submission process by removing validation step in BIR online filing. Our app generates required .dat file in the format already pre-approved by BIR
- Be always updated with the latest withholding tax rates

Get It Now!



**For more information about our localization and how to purchase, you may contact us at the following:**

Email: [info@pasi.ph](mailto:info@pasi.ph)

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**Supported Edition:** The app supports Microsoft Dynamics 365 Business Central - Essentials and Premium Editions.

**Supported Countries:** Philippines