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



October 12, 2026

REVENUE MEMORANDUM CIRCULAR NO. 112-2026

SUBJECT : Clarifying the Provisions of Revenue Regulations No. 006-2026 on the Separate Presentation of Creditable Withholding Tax in Sales Invoices, and Providing Transitory Guidelines Thereof.

FOR : All Internal Revenue Officials, Employees and Others Concerned

This Circular is issued to:

1. Clarify the provisions of Revenue Regulations (RR) No. 006-2026, which amended Section 6(B) of RR No. 7-2024 by requiring the **amount** of creditable withholding tax (CWT), **if applicable**, to be shown as a separate item in the invoice.
2. Prescribe uniform guidelines on the presentation of the required CWT information under various invoicing methods, while allowing the continued use of existing unused invoices in accordance with the transitory provisions of RR No. 006-2026.
3. Adopt an ease-of-doing-business approach in the implementation of the requirements for existing unused invoices and system-generated invoices, while preserving the requirements applicable to subsequent applications for the printing of manual invoices.

I. CLARIFICATIONS AND GUIDELINES

1. Section 2 of RR No. 006-2026 requires that the **amount** of CWT be shown **as a separate item** in the invoice, only **if applicable**. Accordingly, the requirement applies only when the particular transaction is subject to CWT under the National Internal Revenue Code, of 1997, as amended (Tax Code) and applicable revenue issuances.
2. Section 3 of the same RR, on the other hand, is a transitory provision that allows the continued use of unused or unissued invoices existing as of the effectivity of the said Regulations, **until fully consumed**, subject to the prescribed manner of indicating the creditable withholding-tax information. Accordingly, **the stamping** of the phrase "**Less: Withholding Tax**" on unused or unissued invoices shall be required **only when the particular transaction is subject to CWT**.
3. For purposes of the transitory provisions under Section 3 of RR No. 006-2026, as prescribed under this Circular, the following guidelines are hereby clarified:



3.1 The phrase "Less: Withholding Tax" shall be stamped and the corresponding CWT amount indicated in the invoice depending on whether the particular transaction is subject to CWT. A transaction is subject to CWT when the buyer or payor is required to withhold CWT from the payment under the Tax Code, as amended, and applicable revenue issuances.

3.2 The classification of a transaction as business-to-business (B2B) or business-to-consumer (B2C) does not, by itself, determine whether CWT applies. A B2B transaction is subject to CWT only when the buyer or payor is required to withhold. An ordinary B2C transaction in which the buyer is not a withholding agent is not subject to CWT, except for sale of real property (ordinary asset) to individuals.

B2B Transaction – A transaction involving the sale, exchange, or supply of goods, properties, or services, including digital services, where the buyer, customer, or recipient is a business entity, juridical person, government entity, or any person engaged in trade, business, or the exercise of a profession.

B2C Transaction – A transaction involving the sale, exchange, or supply of goods, properties, or services, including digital services, where the buyer, customer, or recipient is an individual acquiring the goods, properties, or services for personal consumption or non-business purposes and is not acting in the course of trade, business, or the exercise of a profession.

3.3 When the particular transaction is **not subject** to CWT, **no CWT amount is required to be stamped, indicated or shown** as a separate item in the invoice. Accordingly, existing unused manual invoices, loose-leaf and invoices generated through Cash Register Machine (CRM)/Point-of-Sale (POS) System and other similar sales machines/software generating invoices, Computerized Accounting System (CAS)/Computerized Books of Accounts (CBA) with Accounting Records (with electronic invoicing), or other invoicing systems or software that have not yet been modified to include a CWT field, may continue to be issued without such field or amount **for transactions that are not subject to CWT**, and the absence thereof shall not, by itself, affect the validity of the invoice.

4. For purposes of Item 22 of Section 6(B) of RR No. 7-2024, as amended by RR No. 006-2026, the term CWT refers to the creditable income tax required to be deducted and withheld at source by buyer or payor under Section 57(B) of the Tax Code and Section 2.57.2 of RR No. 2-98, as amended.

II. DETERMINATION OF WHETHER CWT APPLIES AND WHEN THE AMOUNT SHALL BE SHOWN IN THE INVOICE

1. The **buyer or payor shall determine**, subject to verification by the Bureau, whether it is required to deduct and withhold CWT from the payment under the applicable provisions of the Tax Code, RR No. 2-98, as amended and other applicable revenue issuances. For



this purpose, the buyer or payor shall determine the applicable income-payment classification, Alphanumeric Tax Code (ATC), withholding tax rate, tax base, and amount to be withheld, when determinable at the time of invoice issuance.

2. When the transaction is subject to CWT, the buyer or payor shall communicate the applicable withholding information to the seller or payee **before the invoice is prepared or finalized**. Such information shall include, to the extent available or determinable at the time of invoice issuance, the buyer's status as a withholding agent, the income-payment classification, the corresponding ATC, the applicable withholding tax rate, the tax base, and the amount to be withheld.

For purposes of compliance with the invoicing requirements under RR No. 006-2026, the seller may reasonably rely in good faith on the withholding information timely communicated by the buyer or payor, unless the seller knows or should reasonably know that such information is erroneous, incomplete, or inconsistent with the nature of the transaction.

3. Based on the information provided by the buyer or payor and the nature of the transaction, **the seller or payee shall issue the invoice** for the full amount of the sale and **show the applicable CWT as a separate item**. The seller shall likewise indicate the resulting net amount due from the buyer or payor without treating the CWT as a discount from, or reduction of, gross sales, service revenue, Value-Added Tax (VAT) sales (VATable sales) or the applicable VAT base.
4. When the transaction is subject to CWT and the amount is reasonably determinable at the time of invoice issuance, and the seller fails to show it as a separate invoice item, the seller may be held liable for noncompliance with the invoice-information requirements under Section 6(B) of RR No. 7-2024, as amended by Section 2 of RR No. 006-2026. Such omission shall not relieve the buyer or payor of its separate obligation to correctly determine, deduct, remit, report, and certify the applicable CWT under the Tax Code and relevant revenue issuances.

However, the seller shall not be held liable solely for the omission or incorrect reflection of CWT arising from the buyer's failure to timely provide complete and correct withholding information, unless the seller knew or had a reasonable basis to know that the transaction was subject to CWT or that the withholding information provided was incorrect. In any investigation or assessment involving noncompliance with the invoicing requirement, due consideration shall be given to whether the transaction was subject to CWT and whether the relevant withholding information was reasonably available to the seller at the time of invoice issuance. The seller shall substantiate its good-faith reliance through available supporting records and documents.

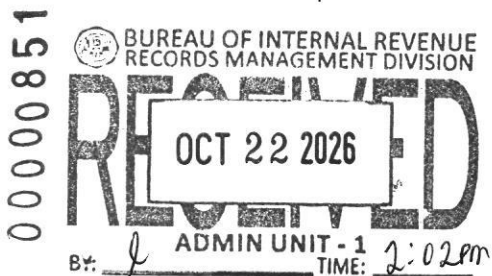
5. When the buyer or payor is not required to withhold, or when the particular payment is not subject to CWT, the seller shall issue the invoice for the full amount payable without any CWT deduction. If the invoice already contains a pre-printed or system-generated CWT field, the seller may leave the field blank or indicate "N/A" or "0.00," without constituting an invoice-information violation on the part of the seller.

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6. The seller or payee shall not be required to independently determine or presume an undisclosed withholding obligation of the buyer or payor. However, where withholding information is already available to the seller through a contract, purchase order, billing instructions, prior transactions, or other records provided by the buyer or payor, the seller shall take such information into account in preparing the invoice.
7. For B2B, business-to-government (B2G), professional, rental, contractor, commission, and similar transactions, the buyer or payor should disclose the applicable withholding information before the seller finalizes the invoice. This allows the seller to show the correct CWT amount and net collectible amount at the time the invoice is issued.
8. A seller engaged primarily in ordinary B2C transactions shall not be required to ask every walk-in or retail customer whether the customer is a withholding agent. **Unless the buyer identifies itself as a withholding agent** or the circumstances reasonably indicate that the transaction is subject to CWT, **the seller may issue the invoice without indicating any CWT amount.** Where a pre-printed or system-generated CWT field exists, the field may be left blank or marked "N/A" or "0.00".
9. If the buyer or payor determines after invoice issuance that CWT should have been withheld, the buyer shall promptly inform the seller and provide the applicable withholding information and computation. Such subsequent determination shall not, by itself, affect the validity of the original invoice. The seller shall issue a BIR registered Credit Memo reflecting the applicable CWT amount and referencing the original invoice. The original invoice shall remain part of the transaction record and shall not be erased, overwritten, cancelled, or reused.
10. Any discrepancy between the CWT amount stated in the invoice and the amount determined by the buyer or payor shall, where practicable, be reconciled before payment. Any subsequent determination, correction, or revision of the applicable CWT amount or withholding information shall be documented through a BIR registered Credit Memo and cross-referenced to the original invoice to preserve the audit trail. The Credit Memo shall not reduce the gross sales/VATable sales/output VAT, and serves only to document CWT and net amount due.
11. Where an e-marketplace operator, online platform, digital financial services provider, or similar intermediary is required to withhold CWT from its remittance to a seller or merchant under RR No. 16-2023, RMC No. 8-2024 and other applicable revenue issuances, whether the seller or merchant operates exclusively online or also maintains a physical store or other sales channel, the seller or merchant shall issue the invoice to the buyer or consumer for the full amount of the sale.

The invoice issued to the buyer or consumer shall contain the phrase "Less: Withholding Tax," "Less: Creditable Withholding Tax," or "Less: CWT." However, since the buyer or consumer is not the withholding agent for the platform remittance, the CWT withheld by the platform shall not be reflected as a deduction from the amount payable by the buyer



or consumer. The corresponding CWT field in the buyer's or consumer's invoice may be left blank or marked "N/A," or "0.00."

The e-marketplace operator, online platform, digital financial services provider, or similar intermediary shall separately reflect the CWT deducted from the online merchant's remittance in the settlement statement, remittance advice, or similar document issued to the seller or merchant. It shall likewise issue the applicable Certificate of Creditable Tax Withheld at Source in accordance with existing revenue issuances.

The seller or merchant shall not issue another sales invoice solely upon receipt of the net remittance from the platform, since the underlying sale has already been covered by the invoice issued to the buyer or consumer. However, where the platform purchases the goods or services as principal, resells them in its own name, or is otherwise the buyer or payor identified in the invoice, the seller shall issue the invoice to the platform and shall show the applicable CWT as a separate item when the amount is available or reasonably determinable at the time of invoice issuance.

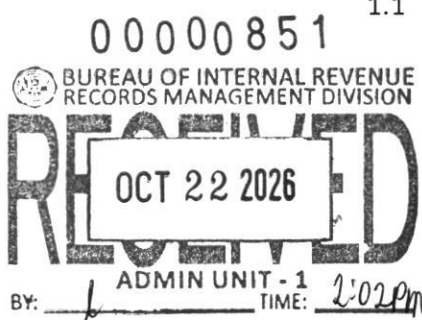
12. The amount of CWT reflected in the invoice shall not relieve the buyer or payor of its obligation to issue the applicable withholding tax certificate in accordance with existing laws, rules, and revenue issuances. The amount of CWT shown in the invoice shall be treated as informational and shall not, by itself, conclusively establish the seller's entitlement to the corresponding tax credit without the documentary substantiation required under existing rules.
13. The omission of the CWT amount shall not, by itself, disallow the buyer's input VAT if all essential VAT information is complete, or disallow the claimed expense if it is ordinary, necessary, business-related, and duly substantiated as required under the existing regulations.
14. Time of withholding is not affected. The presentation of the CWT amount as a separate item in the invoice is for invoicing purposes only and shall not alter the time at which the obligation to deduct and withhold arises pursuant to Section 57 of the Tax Code and Section 2.57.4 of RR No. 2-98, as amended.

III. GUIDELINES ACCORDING TO THE MANNER OF ISSUANCE OF INVOICE

A. Manual and Loose-Leaf Invoices

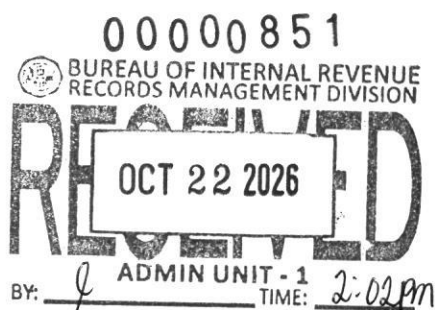
1. Unused or unissued manual or loose-leaf invoices as of the effectivity date of RR 006-2026 may continue to be used **until fully consumed**:

- 1.1 Provided that when an existing manual or loose-leaf invoice is used for a transaction subject to CWT, the seller shall **stamp, print, or legibly write** the phrase "Less: Withholding Tax" or "Less: Creditable Withholding Tax" or "Less: CWT" and indicate the corresponding amount on the face of the invoice, both



in the original and duplicate copies, before the invoice is issued to the buyer or payor.

- 1.2 Existing manual or loose-leaf invoices used for transactions not subject to CWT need not be stamped. Taxpayers shall likewise not be required to stamp such invoices, all their remaining invoice booklets or individual invoice sheets in advance.
- 1.3 Taxpayers shall not be required to dispose or surrender the unused or unissued invoices, or to secure a new ATP or prior RDO approval, before they can stamp, solely because the original approved layout does not contain a separate CWT field or line item.
- 1.4 The phrase and amount shall be stamped or placed near the total invoice amount and net amount due whenever practicable. The stamp shall not overlay the invoice serial number, ATP information, seller or buyer information, VAT or Non-VAT details, or any other mandatory invoice information so as to render such information unreadable.
2. All manual and loose-leaf invoices to be subsequently printed pursuant to an ATP issued after the effectivity of RR No. 006-2026 shall contain a separate line item for CWT as part of the approved invoice layout. For clarity, the separate line item may be labeled "Less: Withholding Tax" or "Less: Creditable Withholding Tax" or "Less: CWT."
3. The seller shall write (for manual invoices) or print (for loose-leaf invoices) a CWT amount in the designated field only when the particular transaction is subject to CWT. When CWT does not apply, the field may remain blank, and the seller shall not be required to enter "N/A," or "0.00," without constituting an invoice-information violation on the part of the seller.
4. A taxpayer shall not maintain separate invoice booklets, serial numbers, or invoice series for transactions with and without CWT. The same invoice format shall be used for both types of transactions, provided that the CWT field is completed when applicable.
5. A blank CWT field in an invoice shall not be treated as an omission of mandatory information when the transaction is not subject to CWT. It shall likewise not be construed as evidence that the buyer failed to withhold tax. However, a blank field shall not preclude the BIR from verifying the actual nature of the transaction through the taxpayer's books of accounts or using third-party information to determine the payor's actual withholding tax obligation.



B. CRM/POS System, CAS/CBA with Accounting Records (with Electronic Invoicing), other Invoicing Systems and Electronic Invoice

1. CRM/POS System, CAS/CBA with Accounting Records (with electronic invoicing), other invoicing systems, and electronic invoices shall include “Less: Withholding Tax” or “Less: Creditable Withholding Tax” or “Less: CWT” as an available invoice data element in the registered or accredited system configuration.
2. The CWT field may be left blank or may reflect “N/A” or “0.00” on every invoice issued to buyers or payors who are not required to withhold CWT from the particular payment. Such cases shall not constitute a violation of the invoice-information requirement.
3. The prescribed CWT phrase and field shall form part of the registered or accredited system configuration and shall be permanently displayed in every invoice output. Accordingly, failure of the system to generate or display the prescribed phrase and field in an invoice output shall constitute noncompliance with the invoice-layout requirement.
4. For every transaction subject to CWT, the system shall retain the buyer’s withholding-agent status, applicable income-payment classification or ATC, withholding rate, tax base, CWT amount, gross invoice amount, and net amount due. Such information shall be capable of being reproduced and reconciled with the invoice, books of account, and applicable withholding tax certificates.
5. The system shall maintain an audit trail identifying the user who entered, selected, modified, or approved the withholding treatment. Any subsequent change in the withholding rate, tax base, or amount shall be traceable to the original transaction and the person who authorized the change.
6. **System/Software Modification**

For purposes solely of implementing the invoicing requirements under RR No. 006-2026, the modification of a CRM/POS System, CAS, CBA with Accounting Records (with electronic invoicing), or other invoicing systems or software limited to capture, compute, record, reconcile, report or display (permanent or conditional) CWT information **shall be treated as a Limited System Change, in the same manner as a minor enhancement** under Revenue Memorandum Order (RMO) No. 24-2023 and similar non-material system modifications under RMO No. 9-2021, provided that it does not materially alter invoice-numbering controls, principal sales-recording functions, system architecture, database structure, security controls, audit-trail functionality, or other core system functions of the approved, registered, or accredited system.

A **Limited System Change** shall not, **solely by reason of implementing the CWT requirements under RR No. 006-2026**, require a new CRM/POS System registration or accreditation or a new registration of CAS/CBA with Accounting Records (with



electronic invoicing), **provided that the modification does not constitute a Material System Change under this Circular.** However, any written notification, update, or reporting requirement applicable to minor enhancements under RMO No. 24-2023 and RMO No. 9-2021 governing the affected system shall continue to apply.

Changes in the net amount collectible, accounts receivable, CWT receivable, related journal entries, general-ledger entries, invoice presentation, or CWT reconciliation reports that are reasonably necessary to implement the CWT requirements of RR No. 006-2026 shall not, by themselves, be treated as a major enhancement under RMO No. 24-2023, a major system enhancement under RMO No. 9-2021, or a **Material System Change** under this Circular.

A **Material System Change** shall exist when a modification goes beyond what is reasonably necessary to implement the CWT requirements of RR No. 006-2026 and materially affects the system's invoice-numbering controls, principal sales-recording functions, software or database architecture, hosting or cloud environment, security controls, audit-trail functionality, interoperability, reliability, BIR access, or other core system functions. This includes changes in ownership or control, data model or database architecture, hosting environment, encryption or authentication methods, data location, system interfaces or integrations beyond those necessary to capture, compute, display, account for, reconcile, and report CWT information, or any other modification that materially affects the approved, registered, or accredited system configuration.

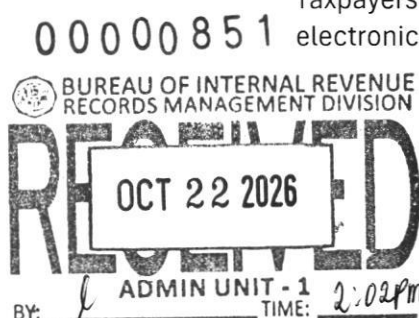
Where a modification constitutes a **Material System Change**, the taxpayer shall comply with the applicable registration, Permit to Use, Acknowledgement Certificate, accreditation or approval requirements prescribed under existing revenue issuances prior to the use of the modified system.

Where a system modification contains **both Limited and Material System Changes**, the material classification shall prevail. A CWT-related component may be treated separately as a **Limited System Change** only when it can be independently identified, documented, tested, and implemented.

The taxpayer shall retain and make available to the BIR, upon request, documents evidencing the implementation of the limited or material system change. When doubt exists as to the proper classification, that is, whether the modification constitutes a **Limited System Change** or **Material System Change**, the concerned BIR Accreditation Board and its Technical Working Group, or authorized technical evaluators of the concerned Revenue District Office/Large Taxpayers Office/Division, and not the Revenue Officer acting alone, shall make the appropriate determination.

7. **Period for System Modification and Transitory Compliance**

Taxpayers using existing CRM/POS System, CAS, CBA with Accounting Records (with electronic invoicing), and other invoicing systems or software shall be allowed a



reasonable period within which to complete the modification or reconfiguration necessary to generate the CWT field or phrase “Less: Withholding Tax” or “Less: Creditable Withholding Tax” or “Less: CWT” and the corresponding amount as a separate invoice item whenever CWT applies. The applicable compliance period shall be determined in accordance with the following provisions:

- 7.1 **Taxpayers using CAS or CBA with Accounting Records (with electronic invoicing) and other invoicing software covered by the mandatory electronic invoice issuance requirement** under RR No. 11-2025, as amended by RR No. 26-2025, and RMC No. 98-2026 shall ensure that their electronic invoicing systems are capable of generating and electronically processing the applicable CWT information **not later than December 31, 2026**, or such later date as may be prescribed under a subsequent revenue issuance, **and shall complete the necessary system modification or reconfiguration within such period.** Beginning on the day immediately following the applicable compliance deadline (January 1, 2027 or later date), the CWT field shall form part of the system’s available electronic invoice data elements and shall be displayed in every invoice issued.

The system must be capable of capturing, processing, generating, and preserving the applicable CWT information beginning on the day immediately following the applicable compliance deadline (January 1, 2027 or later date).

- 7.2 **Taxpayers using existing POS or other invoicing systems** that are not yet subject to the mandatory electronic invoice issuance requirement under RR No. 11-2025, as amended by RR No. 26-2025, shall be allowed **until March 31, 2027**, or on the date as may be prescribed by the Commissioner, **within which to complete the necessary system modification or reconfiguration.**

Such systems shall contain the CWT field as an available electronic invoice data element and should be capable of generating and displaying the corresponding CWT amount whenever applicable.

For purposes of this paragraph, the mere establishment or technical availability of a BIR system shall not, by itself, shorten the March 31, 2027 deadline. The earlier compliance deadline shall apply only upon the issuance of the appropriate revenue regulations or other applicable revenue issuance expressly identifying the covered taxpayers and prescribing the corresponding compliance date.

- 7.3 **Taxpayers using existing CRM** shall be allowed **until March 31, 2027**, or on the date as may be prescribed by the Commissioner, to modify or reconfigure their machines to generate the CWT field as a separate invoice item. Beginning April 1, 2027, all CRMs shall be capable of generating such phrase and amount in every invoice issued.

During the transition period, taxpayers may continue using their duly registered CRMs without the prescribed CWT functionality. When a



transaction processed through an existing CRM is subject to CWT, the seller shall indicate the required phrase and amount, if applicable, through the transitory method prescribed under this Circular, provided that such information is clearly linked to the CRM-generated invoice and does not alter the invoice serial number, sales record, or audit trail.

The foregoing period shall apply unless the BIR prescribes an earlier compliance date for CRM users through a subsequent revenue issuance.

7.4 Transitory Compliance Pending System Modification or Reconfiguration

Pending the modification or reconfiguration of an existing CRM/POS System, CAS/CBA with Accounting Records (with electronic invoicing), and other invoicing systems or software, the transitory procedures under this provision **shall apply when the particular transaction is subject to CWT** under the applicable revenue issuance. The requirement shall not apply merely because the transaction is classified as B2B.

- 7.4.1 When a transaction is subject to CWT, the seller shall conspicuously stamp, print, or legibly write on the face of the printed system-generated invoice the phrase "Less: Withholding Tax" or "Less: Creditable Withholding Tax" or "Less: CWT" together with the corresponding CWT amount, both in the original and reprint copies, if applicable. Such information shall be indicated before the invoice is issued to the buyer or payor.
- 7.4.2 For ordinary B2C and other transactions **not subject to CWT**, no stamp, handwritten entry or CWT amount shall be required.
- 7.4.3 The transitory method shall not alter the original invoice number, gross sales, sales record, electronic journal, or audit trail. The seller shall record the full amount of the sale and separately recognize the CWT as a tax credit or receivable, as applicable.
- 7.4.4 The taxpayer shall maintain a record of system-generated invoices for which CWT was indicated and reconcile the same with its books of accounts and applicable withholding tax certificates.
- 7.4.5 This transitory treatment shall cease upon modification or reconfiguration of the CRM/POS System, CAS/CBA with Accounting Records (with electronic invoicing), or other invoicing systems or software, or upon expiration of the applicable compliance period, whichever occurs first.



C. Summary Matrix of Compliance Periods and Transitory Treatment by Invoicing Method

The applicable transitory treatment and compliance periods for manual, loose-leaf, CRM/POS System, CAS/CBA with Accounting Records (with electronic invoicing), and other invoicing systems or software are summarized in **Annex "A"**. The periods prescribed herein shall not suspend the requirement to reflect the applicable CWT information in a transaction subject to CWT through the prescribed transitory method pending full system modification or reconfiguration.

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



CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue

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