



Republic of the Philippines  
Supreme Court  
Office of the Court Administrator  
Manila

**OCA CIRCULAR NO. 29-2006**

**TO: ALL LOWER COURT PERSONNEL RECEIVING SALARY GRADE 1 TO 3 (PROCESS SERVERS in Municipal Trial Court, Municipal Circuit Trial Court and Shari'a Circuit Court, and COURT UTILITY WORKERS)**

**SUBJECT: EXEMPTION FROM THE REQUIREMENT OF WITHHOLDING TAX ON COMPENSATION UNDER REVENUE REGULATION NO. 1-2006**

On December 29, 2005, the Bureau of Internal Revenue issued Revenue Regulation No. 1-2006 which provides that compensation income of government employees of the Philippines or any of its agencies or instrumentalities with Salary Grade 1 to 3 shall be exempted from the requirement of withholding tax on compensation. Thus, beginning April 2006, monthly compensation of lower court personnel receiving Salary Grade 1 to 3 will no longer be deducted the withholding tax pursuant to the provision of Revenue Regulation No. 1-2006.

However, the aforementioned court personnel whose compensation income is not subject to withholding tax shall remain liable for income taxes. They shall continue to file their annual income tax returns and pay the income tax due thereon, if any, not later than April 15 of the year immediately following the taxable year. Likewise, they are not qualified for substituted filing under Revenue Regulation No. 2-98 and therefore, are still required to file BIR Form No. 1700 in accordance with existing regulations.

For the information and guidance of all concerned.

February 21, 2006.

  
**PRESBITERO J. VELASCO, JR.**  
Court Administrator