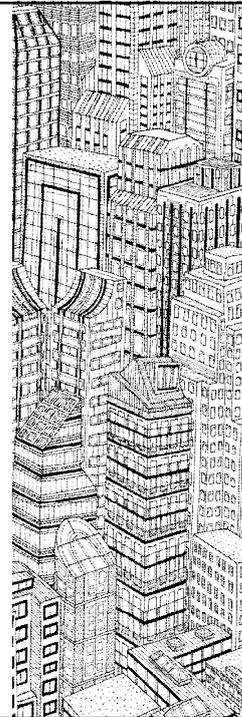


**Tax Reform for  
Acceleration and Inclusion  
(TRAIN) Law**

**Republic Act (RA) No. 10963**

Key  
Amendments

Individual  
Income Tax



## Individual Income Tax Table

Prior to RA No. 10963

Annual Income Bracket	Tax Rate
0 - 10,000	5%
Over 10,000 - 30,000	500 + 10% of the excess over 10,000
Over 30,000 - 70,000	2,500 + 15% of the excess over 30,000
Over 70,000 - 140,000	8,500 + 20% of the excess over 70,000
Over 140,000 - 250,000	22,500 + 25% of the excess over 140,000
Over 250,000 - 500,000	50,000 + 30% of the excess over 250,000
Over 500,000	125,000 + 32% of the excess over 500,000

## Individual Income Tax Table

RA No. 10963

Effective January 1, 2018	
Annual Income Bracket	Tax Rate
Not Over P250,000	0%
Over 250,000 - 400,000	20% of the excess over 250,000
Over 400,000 - 800,000	30,000 + 25% of the excess over 400,000
Over 800,000 - 2,000,000	130,000 + 30% of the excess over 800,000
Over 2,000,000 - 8,000,000	490,000 + 32% of the excess over 2,000,000
Over 8,000,000	2,410,000 + 35% of the excess over 8,000,000
Effective January 1, 2023	
Annual Income Bracket	Tax Rate
Not Over P250,000	0%
Over 250,000 - 400,000	15% of the excess over 250,000
Over 400,000 - 800,000	22,500 + 20% of the excess over 400,000
Over 800,000 - 2,000,000	102,500 + 25% of the excess over 800,000
Over 2,000,000 - 8,000,000	402,500 + 30% of the excess over 2,000,000
Over 8,000,000	2,202,500 + 35% of the excess over 8,000,000

### Income Tax Exemptions and Deductions

	Prior to RA No. 10963	RA No. 10963
    Basic Personal and Additional Exemption	Basic exemption of ₱50,000 and additional exemption of ₱25,000 for each dependent not exceeding four (4)	Repealed
 Premium payments on health/hospitalization insurance	₱2,400 per family with total annual gross income of not more than ₱250,000	Repealed

### Income Tax Exemptions and Deductions

	Prior to RA No. 10963	RA No. 10963
   13 <sup>th</sup> Month Pay and Other Benefits	₱82,000	₱90,000

## Revised Withholding Tax Table

Day	1	2	3	4	5	6
Compensation Level (CL)	685 and below	685 - 1,095	1,096 - 2,191	2,192 - 5,478	5,479 - 21,917	21,918 and above
Prescribed Minimum Withholding Tax	0.00	0.00+20% over CL	82.19 + 25% over CL	356.16 + 30% over CL	1,342.47 + 32% over CL	6,602.74 + 35% over CL
Weekly	1	2	3	4	5	6
CL	4,808 and below	4,808 - 7,691	7,692 - 15,384	15,385 - 38,461	38,462 - 153,845	153,846 and above
Prescribed Minimum Withholding Tax	0.00	0.00 + 20% over CL	576.92 + 25% over CL	2,500.00 + 30% over CL	9,432.08 + 32% over CL	46,346.15 + 35% over CL
Semi-monthly	1	2	3	4	5	6
CL	10,417 and below	10,417 - 16,666	16,667 - 33,332	33,333 - 83,332	83,333 - 333,332	333,333 and above
Prescribed Minimum Withholding Tax	0.00	0.00 + 20% over CL	1,250 + 25% over CL	5,416.67 + 30% over CL	20,416.67 + 32% over CL	100,416.57 + 35% over CL
Monthly	1	2	3	4	5	6
CL	20,833 and below	20,833 - 33,332	33,333 - 66,666	66,667 - 166,666	166,667 - 666,666	666,667 and above
Prescribed Minimum Withholding Tax	0.00	0.00 + 20% over CL	2,500 + 25% over CL	10,833.33 + 30% over CL	40,833.33 + 32% over CL	200,833.33 + 35% over CL

RMC No. 105-2017 (Effective Jan. 1, 2018 to Dec. 31, 2022)

## Income Tax Exemptions and Deductions



Prior to RA No. 10963

RA No. 10963

Exemption from filing of Annual Income Tax Return (ITR)

Exempt

Exempt to individuals whose net taxable income do not exceed ₱250,000

*(Not applicable to individuals who are engaged in business or practice of profession)*

### Income Tax Rates

	Prior to RA No. 10963	RA No. 10963								
 <p>For employees of RHQs, ROHQs, OBU, or Petroleum Service Contractors and Subcontractors</p>	15%	<p>Employees of RHQs, ROHQs, OBU, or Petroleum Service Contractors and Subcontractors registering with SEC after January 1, 2018 can no longer avail the preferential income tax rate of 15%</p>								
<p>Capital Gains Tax (CGT) on sale of shares of stock not traded in the stock exchange</p>	5%/10% CGT	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Taxpayer</th> <th style="width: 30%;">Tax</th> </tr> </thead> <tbody> <tr> <td>Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Domestic Corporation</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Foreign Corporation (i.e., Resident and Non-Resident)</td> <td style="text-align: center;">5%/10%</td> </tr> </tbody> </table>	Taxpayer	Tax	Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)	15%	Domestic Corporation	15%	Foreign Corporation (i.e., Resident and Non-Resident)	5%/10%
Taxpayer	Tax									
Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)	15%									
Domestic Corporation	15%									
Foreign Corporation (i.e., Resident and Non-Resident)	5%/10%									
<p>CGT on sale of listed shares traded in the stock exchange</p>	50% of 1% Stock Transaction Tax (STT)	60% of 1% STT								

### Income Tax Rates

	Prior to RA No. 10963	RA No. 10963										
 <p>Interest Income from expanded Foreign Currency Deposit Units (FCDUs)</p> 	7.5% final tax	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Taxpayer</th> <th style="width: 30%;">Tax</th> </tr> </thead> <tbody> <tr> <td>Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Domestic Corporation</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Resident Foreign Corporation</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td>Non-Resident Foreign Corporation</td> <td style="text-align: center;">Exempt</td> </tr> </tbody> </table>	Taxpayer	Tax	Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)	15%	Domestic Corporation	15%	Resident Foreign Corporation	7.5%	Non-Resident Foreign Corporation	Exempt
Taxpayer	Tax											
Individuals (i.e., Citizen, Resident Alien, Non-Resident Alien)	15%											
Domestic Corporation	15%											
Resident Foreign Corporation	7.5%											
Non-Resident Foreign Corporation	Exempt											
<p>Philippine Charity Sweepstakes and Lotto winnings</p> 	Exempt	<p>§ 20% final tax on the excess of ₱10,000</p> <p>§ Removal of PCSO's income tax exemption</p>										

Income Tax Rates	
Prior to RA No. 10963	RA No. 10963
  Income derived by self-employed individuals and/or professionals	Graduated Tabular Rates  <u>If ₱ 3M and below</u> At the option of the taxpayer: <ul style="list-style-type: none"> <li>§ 8% of gross sales/receipts and other income (in excess of ₱250,000) in lieu of graduated income tax rates and percentage tax; or</li> <li>§ Graduated Tabular Rates plus 3% percentage tax</li> </ul> <u>If above ₱ 3M</u> The taxpayer is required to use the graduated tabular rates.

### Revised Creditable Withholding Tax Rate on Income Payments to Self-employed individuals and Professionals

RMC No. 01-18 dated January 4, 2018

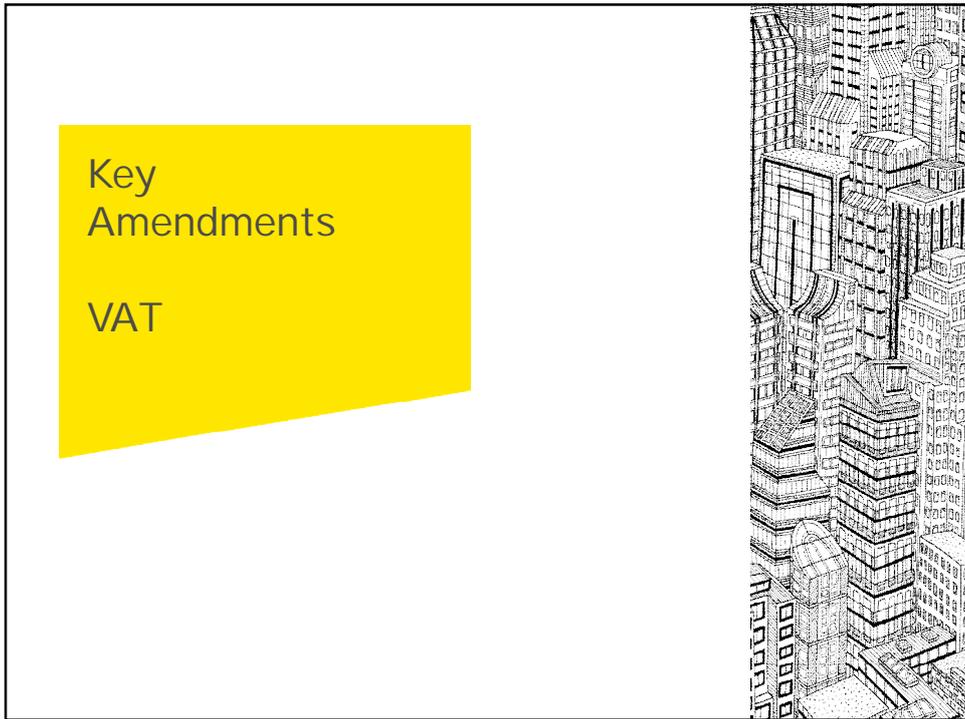
- o Income payments to Self-employed Individuals or Professionals shall be subject to Eight Percent (8%) Creditable Withholding Tax:
  - a. Professional fees, talent fees, commissions, etc. for services rendered by individuals;
  - b. Income distribution to beneficiaries of Estates and Trusts;
  - c. Income Payment to certain brokers and agents;
  - d. Income Payments to partners of general professional partnership;
  - e. Professional fees paid to medical practitioners; and
  - f. Commission of independent and/or exclusive sales representatives, and marketing agents of companies.

## Income Tax Rates

	Prior to RA No. 10963	RA No. 10963
 <p>Withholding of Creditable at source</p> <p><b>%</b></p>	1% to 32%	<p>Beginning January 1, 2019, withholding tax rates shall range from 1% to 15%</p>
<p>Fringe Benefit Tax</p> 	32%	

## Deadline of filing and payment

	Prior to RA No. 10963	RA No. 10963
 <p>Deadline of filing and payment of withholding tax returns</p> 	<p>FWT return shall be filed and paid within 25<sup>th</sup> day from the close of the taxable quarter</p> <p>EWT return shall be filed and paid not later than the last day of the month following the close of the quarter</p> <p><i>(Provided that the Commissioner may require the withholding agents to withhold at more frequent intervals)</i></p>	<p>FWT and EWT returns shall be filed and paid not later than the last day of the month following the close of the quarter</p> <p><i>Note: Power of the Commissioner to require the withholding agents to withhold at more frequent intervals is removed.</i></p>



VATable Transactions		Prior to RA No. 10963	RA No. 10963
 <p>Amortization of Input Tax on Capital Goods</p>	<p>Input tax on purchases of capital goods with monthly aggregate amount exceeding P1,000,000 shall be amortized for a period of 60 months or the estimated useful life of the asset, whichever is shorter</p>	<p>Effective January 1, 2022, input tax on new purchases of capital goods shall no longer be deferred.</p>	
 <p>Filing and payment of VAT</p>	<p>Monthly and quarterly basis</p>	<p>Effective January 1, 2023, filing and payment of VAT shall be done on a quarterly basis</p>	
<p>Sales to government</p>	<p>Final WVAT of 5% and Standard input VAT of 7%</p>	<p>Effective January 1, 2021, shift to creditable system at 12%</p>	

## VATable Transactions



Prior to  
RA No. 10963

RA No. 10963



Threshold

₱1,919,500

₱3,000,000

## VAT-Exempt Transactions



Prior to  
RA No. 10963

RA No. 10963

Tax Free Exchange

Exempt, provided  
supported by a  
BIR ruling

Included  
in the list



Sale or Lease of goods  
and services to senior  
citizens and PWDs

Exempt under  
special laws

Included  
in the list



Low-cost housing

Exempt

Beginning January 1, 2021,  
subject to 12% VAT

### VAT-Exempt Transactions

	Prior to RA No. 10963	RA No. 10963
		
 <p>Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension</p>	Subject to 12% VAT	Beginning January 1, 2019, Exempt
 <p>Association dues, membership fees, and other assessments and charges collected by homeowners association and condominium corporations</p>	Subject to 12% VAT	

### VAT-Exempt Transactions

	Prior to RA No. 10963	RA No. 10963
		
 <p>Residential unit with monthly rental not exceeding ₱12,800</p>	Exempt	Threshold increased to ₱15,000
 <p>Residential lot of ₱1.9 million and below</p> <p>House and lot and other residential dwellings of ₱3.2 million and below</p>	Exempt	

Particular	2018 - 2020	2021 - onwards
Residential Lot	Threshold lowered to ₱1.5 million	Subject to 12% VAT
House and lot and other residential dwellings	Threshold lowered to ₱2.5 million	Threshold lowered to ₱2 million

### VAT-Exempt Transactions

  		
	Prior to RA No. 10963	RA No. 10963
 On sale of electricity by electric cooperatives	Exempt	12% VAT

### VAT Zero-Rating on Export Sale of Goods and Services

-  Sale of goods to non-resident buyer for delivery to resident local export-oriented enterprise
-  Sale of goods and services to export-oriented enterprise (70% export sales)
-  Export sales under EO 226
-  Processing, manufacturing, or repacking goods for persons doing business outside the Philippines which goods are subsequently exported

\* Upon establishment of Enhanced VAT Refund System and if all pending VAT refund claims as of Dec. 31, 2017 shall be fully paid in cash by Dec. 31, 2019

## Zero-rated VAT Transactions

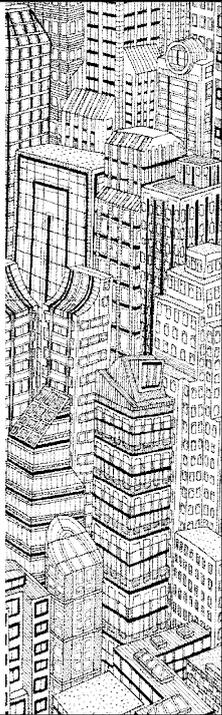
		Prior to RA No. 10963	RA No. 10963
  Foreign currency denominated sales	Zero-rated		12% VAT
	 Sale of gold to the Bangko Sentral ng Pilipinas	Zero-rated	

## Guidelines in VAT Refund

		Prior to RA No. 10963	RA No. 10963
 Number of days the BIR Commissioner shall grant a refund for creditable input taxes from the date of submission of complete documents	Within 120 days from the date of submission of complete documents		<ul style="list-style-type: none"> <li>q Within 90 days from the date of submission of the official receipts or invoices and other documents</li> <li>q Denial of the BIR shall be made in writing and the notice shall include legal and factual basis for the denial.</li> <li>q Failure on the part of any official, agent, or employee of the BIR to act on the application within the 90-day period shall be punishable under Section 269 of the Tax Code, as amended (i.e., fines and imprisonment).</li> </ul>

Key Amendments

Estate and Donor's Tax



### Estate Tax

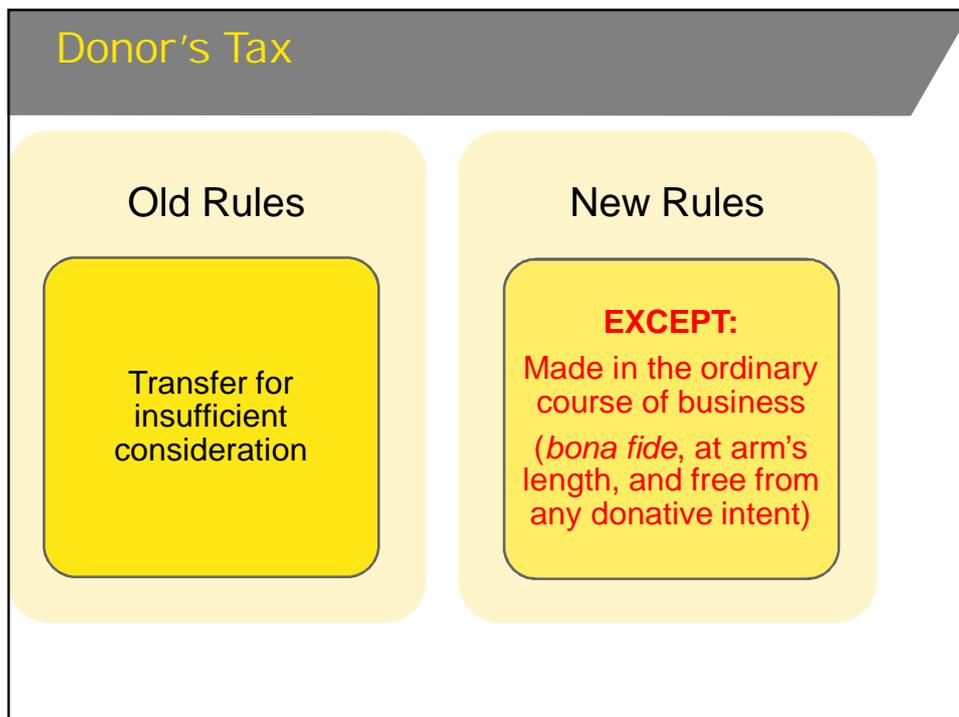
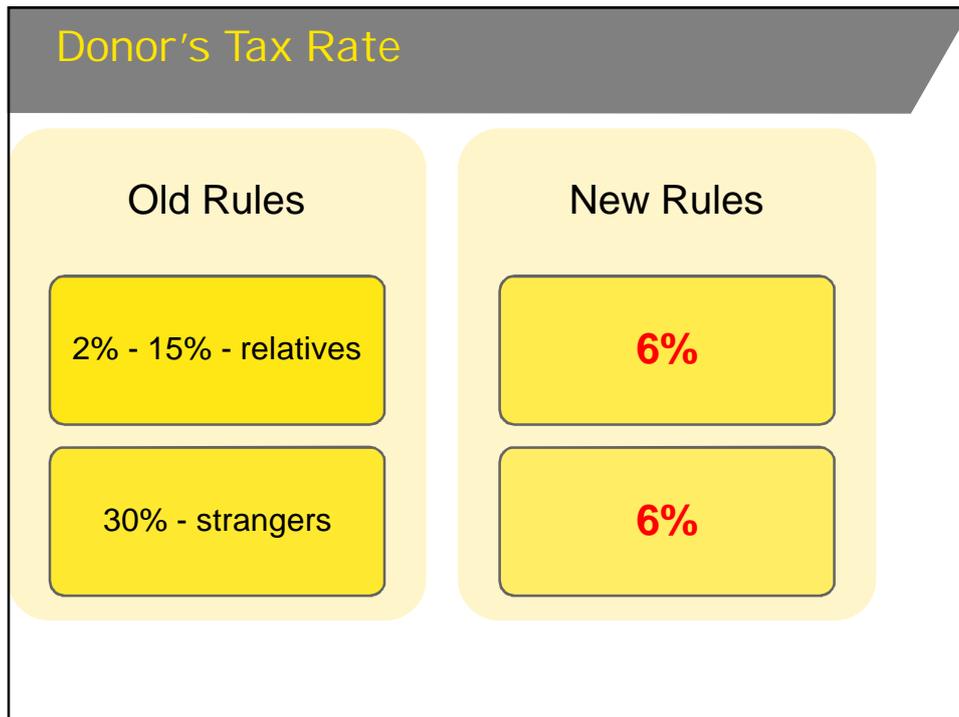
Old Rules	New Rules
5% - 20%	6%
Deduction for expenses, losses and indebtedness	✗
Medical expenses	✗

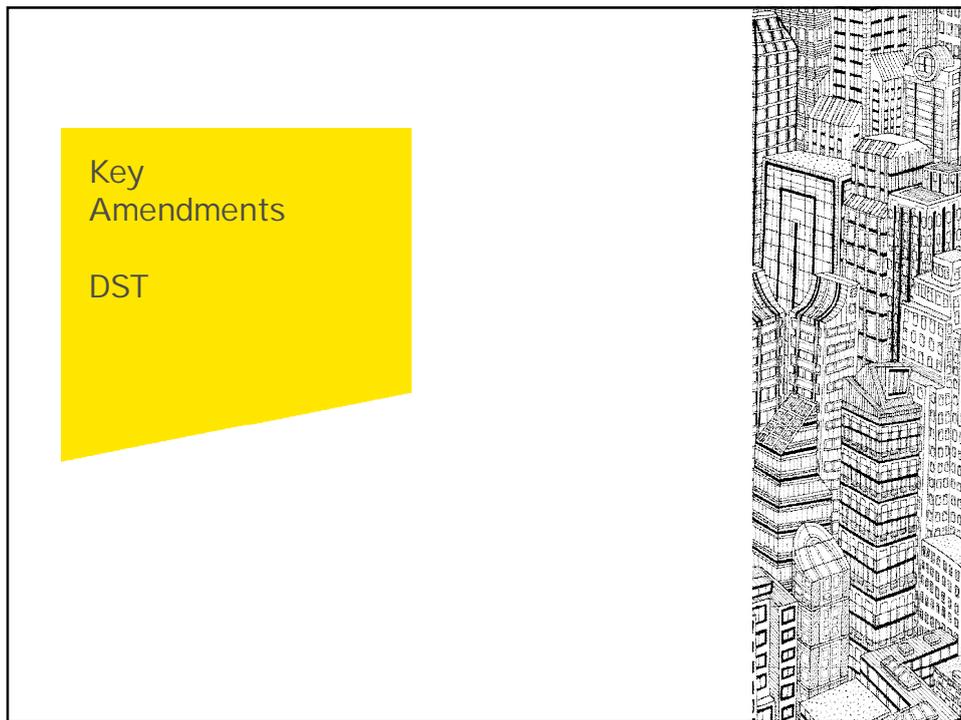
### Estate Tax

Old Rules	New Rules
Standard deduction P1M	 <del>P5M</del>
Family home (max) P1M	 <del>P10M</del>

### Estate Tax - Filing

Old Rules	New Rules
Certification of CPA – gross value > <del>P2M</del>	 <del>P5M</del>
Deadline - 6 months from death of decendent	<b>1 year</b>





### DST Rates

	Prior to RA No. 10963	RA No. 10963
Original issue of shares of stock 	DST of ₱1 for every ₱200 or fractional part thereof of the par value of such shares of stock	DST of ₱2 for every ₱200 or fractional part thereof of the par value of such shares of stock
Sales, agreements to sell, memoranda of sales, deliveries or transfer of shares or certificate of stock 	DST of ₱0.75 for every ₱200 or fractional part thereof of the par value of such shares of stock	DST of ₱1.50 for every ₱200 or fractional part thereof of the par value of such shares of stock

### DST Rates

	Prior to RA No. 10963	RA No. 10963
<p>Certificates of profits or interest in property or accumulations</p>	<p>DST of ₱0.50 for every ₱200 or fractional part thereof of the face value of such certificates or memorandum</p>	<p>DST of ₱1 for every ₱200 or fractional part thereof of the face value of such certificates or memorandum</p>
<p>Bank checks, drafts, certificates of deposits not bearing interest, and other instruments</p>	<p>DST of ₱1.50</p>	<p>DST of ₱3</p>

### DST Rates

	Prior to RA No. 10963	RA No. 10963
<p>All debt instruments</p>	<p>DST of ₱1 for every ₱200 or fractional part thereof of the issue price of such debt instruments</p>	<p>DST of ₱1.50 for every ₱200 or fractional part thereof of the issue price of such debt instruments</p>
<p>All bills of exchange or drafts</p>	<p>DST of ₱0.30 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or draft</p>	<p>DST of ₱0.60 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or draft</p>

## DST Rates



Prior to  
RA No. 10963

RA No. 10963

Upon  
acceptance of  
bills of exchange  
and others



DST of ₱0.30 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or others

DST of ₱0.60 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or others

Foreign bills of  
exchange and  
letters of credit



DST of ₱0.30 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or letter of credit

DST of ₱0.60 for every ₱200 or fractional part thereof of the face value of any such bill of exchange or letter of credit

## DST Rates



Prior to  
RA No. 10963

RA No. 10963

Life Insurance  
Policies



100K and below	Exempt
Over 100K-300K	10
Over 300K-500K	25
Over 500K-750K	50
Over 750K-1M	75
Over 1M	100

100K and below	Exempt
Over 100K-300K	20
Over 300K-500K	50
Over 500K-750K	100
Over 750K-1M	150
Over 1M	200

Policies of  
Annuities and  
Pre-need Plans



Policies of Annuities - DST of ₱0.50 for every ₱200 or fractional part thereof of the premium or installment payment

Pre-need Plans - DST of ₱0.20 for every ₱200 or fractional part thereof of the premium or contribution collected

Policies of Annuities - DST of ₱1 for every ₱200 or fractional part thereof of the premium or installment payment

Pre-need Plans - DST of ₱0.40 for every ₱200 or fractional part thereof of the premium or contribution collected

### DST Rates





	Prior to RA No. 10963	RA No. 10963												
<p>Jai-alai, Horse Race, Tickets, Lotto, or other authorized number games</p> 	<p>DST of ₱0.10; provided, that if the cost of the ticket exceed ₱1, an additional tax of ₱0.10 for every ₱1</p>	<p>DST of ₱0.20; provided, that if the cost of the ticket exceed ₱1, an additional tax of ₱0.20 for every ₱1</p>												
<p>Bills of lading or receipts</p> 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Value of goods</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>101 - 1,000</td> <td>₱1</td> </tr> <tr> <td>Over 1,000</td> <td>₱10</td> </tr> </tbody> </table>	Value of goods	Rate	101 - 1,000	₱1	Over 1,000	₱10	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Value of goods</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>101 - 1,000</td> <td>₱2</td> </tr> <tr> <td>Over 1,000</td> <td>₱20</td> </tr> </tbody> </table>	Value of goods	Rate	101 - 1,000	₱2	Over 1,000	₱20
Value of goods	Rate													
101 - 1,000	₱1													
Over 1,000	₱10													
Value of goods	Rate													
101 - 1,000	₱2													
Over 1,000	₱20													
<p>Proxies</p> 	<p>DST of ₱15</p>	<p>DST of ₱30</p>												

### DST Rates





	Prior to RA No. 10963	RA No. 10963
<p>Powers of Attorney</p> 	<p>DST of ₱5</p>	<p>DST of ₱10</p>
<p>Leases and other hiring agreements</p> 	<p>DST of ₱3 for the first ₱2,000 or fractional thereof, and an additional ₱1 for every ₱1,000 in excess of the first ₱2,000</p>	<p>DST of ₱6 for the first ₱2,000 or fractional thereof, and an additional ₱2 for every ₱1,000 in excess of the first ₱2,000</p>
<p>Mortgages, pledges and trusts</p> 	<p>DST of ₱20 for the first ₱5,000 or fractional thereof, and an additional ₱10 for every ₱5,000 in excess of the first ₱5,000</p>	<p>DST of ₱40 for the first ₱5,000 or fractional thereof, and an additional ₱20 for every ₱5,000 in excess of the first ₱5,000</p>

### DST Rates

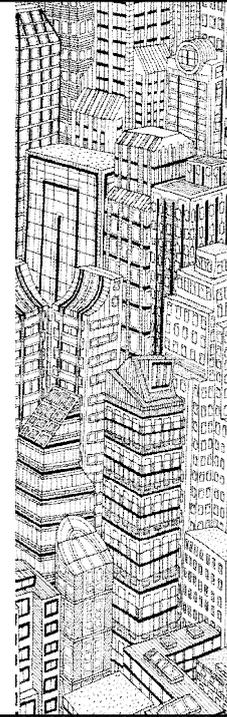
Prior to RA No. 10963		RA No. 10963		
<p>Charter parties and similar instruments</p>	Gross tonnage	Rate	Gross tonnage	Rate
	1,000 and below	P500 for the first 6 mos. and additional of P50 for each month thereafter	1,000 and below	P1,000 for the first 6 mos. and additional of P100 for each month thereafter
	1,001 - 10,000	P1,000 for the first 6 mos. and additional of P100 for each month thereafter	1,001 - 10,000	P2,000 for the first 6 mos. and additional of P200 for each month thereafter
	Over 10,000	P1,500 for the first 6 mos. and additional of P150 for each month thereafter	Over 10,000	P3,000 for the first 6 mos. and additional of P300 for each month thereafter

### DST Rates

Prior to RA No. 10963		RA No. 10963	
<p>Certificates</p>	DST of P15	DST of P30	
<p>Warehouse receipts</p>	DST of P15	DST of P30	

## Key Amendments

### Excise Tax



## Excise Tax on Petroleum Products

Pesos per liter	Prior to RA No. 10963	2018	2019	2020
Lubricating oils and greases	₱4.50	₱8.00	₱9.00	₱10.00
Processed gas	₱0.05	₱8.00	₱9.00	₱10.00
Waxes (i.e., paraffin wax) and petrolatum	₱3.50	₱8.00	₱9.00	₱10.00
Denatured alcohol	₱0.05	₱8.00	₱9.00	₱10.00
Naphtha	₱4.35	₱7.00	₱9.00	₱10.00
Unleaded premium gasoline	₱4.35	₱7.00	₱9.00	₱10.00
Regular gasoline, pyrolysis gasoline, and other similar products of distillation	₱4.35	₱7.00	₱9.00	₱10.00
Aviation turbo jet fuel (per liter of volume capacity)	₱3.67	₱4.00	₱4.00	₱4.00
Kerosene	-₱0-	₱3.00	₱4.00	₱5.00
Diesel fuel oil, and on similar fuel oils having more or less the same generating power	-₱0-	₱2.50	₱4.50	₱6.00
Liquefied petroleum gas	-₱0-	₱1.00	₱2.00	₱3.00
Asphalts	₱0.56	₱8.00	₱9.00	₱10.00

## Excise Tax on Petroleum Products

Pesos per liter	Prior to RA No. 10963	2018	2019	2020
Bunker fuel oil, and on similar fuel oils having more or less the same generating power	-P0-	P2.50	P4.50	P6.00
Petroleum Coke per Metric Ton	-P0-	P2.50	P4.50	P6.00

*Provided, that in case the Dubai crude oil exceeds USD 80 per barrel, the increases on the excise tax rates shall be suspended.*

*Provided that petroleum products used as input, feedstock, or as raw material in the manufacturing of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural gas fired combined cycle power plants, are exempt from excise tax.*

## Excise Tax on Automobiles

Net Manufacturing/Importation Price in Pesos	Prior to RA No. 10963
0 - 600,000	2%
600,000 - 1,100,000	12,000 + 20% of the excess over 600,000
1,100,000 - 2,100,000	112,000 + 40% of the excess over 1,100,000
Over 2,100,000	512,000 + 60% of the excess over 2,100,000

Net Manufacturing/Importation Price in Pesos	2018
0 - 600,000	4%
600,001 - 1,000,000	10%
1,000,001 - 4,000,000	20%
Over 4,000,000	50%

*Note: Hybrid vehicles powered by electricity in combination of gasoline shall be subject to 50% of the applicable excise tax rates on automobiles.*

## Excise Tax on Automobiles



RA No. 10963

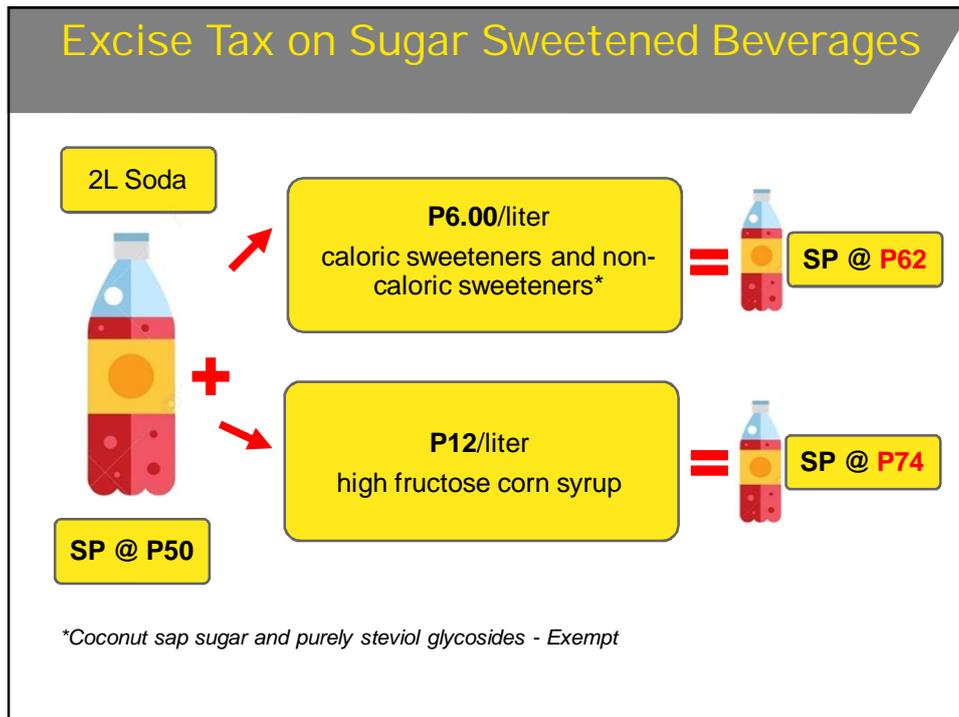
Exempt  
from excise tax

 Purely electricity-powered automobiles

 Pick-up

## Excise Tax on Tobacco Products

Fixed rate	Effectivity period
P30.00	Prior to RA No. 10963
P32.50	January 1 to June 30, 2018
P35.00	July 1, 2018 to December 31, 2019
P37.50	January 1, 2020 to December 31, 2021
P40.00	January 1, 2022 to December 31, 2023
4% annual increase thereafter	January 2024 onwards



## Excise Tax on Sugar Sweetened Beverages

Particulars	Effective 2018
Purely caloric sweeteners and purely non-caloric sweeteners (or with mix of caloric sweeteners)	P6/Liter
Purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener	P12/Liter

q Sweetened beverages (SBS) refer to non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain caloric and/or non-caloric sweeteners added by the manufacturers, and shall include, but not be limited to the following:

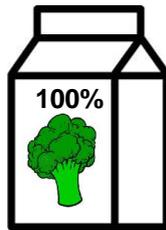
- ü Sweetened juice drinks;
- ü Sweetened tea;
- ü All carbonated beverages;
- ü Flavored water;
- ü Energy and sports drinks;
- ü Other powdered drinks not classified as milk, juice, tea, and coffee;
- ü Cereal and grain beverages; and
- ü Other non-alcoholic beverages that contain added sugar.

q Caloric sweetener refer to a substance that is sweet and includes sucrose, fructose, and glucose that produces a desired sweetness;

q Non-caloric sweetener refer to a substance that are artificially or chemically processed that produces a desired sweetness. These are substances which can be directly added to beverages, such as aspartame, sucralose, saccharin, acesulfame potassium, neotame, cyclamates and other non-nutritive sweeteners approved by the codex alimentarius and adopted by the FDA.

## Excise Tax on Sugar Sweetened Beverages

### EXCLUSIONS



Meal replacement  
and medically  
indicated beverages

## Excise Tax on Sugar Sweetened Beverages

The following are **EXEMPT** from excise tax on sugar sweetened beverages:

- ü All milk products, including plain milk, infant formula milk, follow-on milk, growing up milk, powdered milk, ready to drink milk and flavored milk, fermented milk, soymilk and flavored soymilk;
- ü One hundred percent (100%) natural fruit juices - original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of natural fruit juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural fruit juice that do not have added sugar or caloric sweetener;
- ü One hundred percent (100%) natural vegetable juices - original liquid resulting from the pressing of vegetables, the liquid resulting from the reconstitution of natural vegetable juice concentrate, or the liquid resulting from the restoration of water to dehydrated natural vegetable juice that do not have added sugar or caloric sweetener;
- ü Meal replacement and medically indicated beverages - any liquid or powder drink/product for oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or as a source of necessary nutrition used due to a medical condition and an oral electrolyte solution for infants and children formulated to prevent dehydration due to illness;
- ü Ground coffee, instant soluble coffee, and pre-packaged powdered coffee products;

*Note: Sweetened beverages using purely coconut sap sugar and/or purely steviol glycosides shall be exempt from excise tax.*

## Excise Tax on Non-Essential Goods and Services

Prior to  
RA No. 10963

No excise tax  
imposed on non-  
essential goods  
and services



RA No. 10963

5% tax on the gross sales/receipts derived from the following performance of services, net of excise tax and VAT:

§ Invasive cosmetic procedures, surgeries, and body enhancements directed solely towards improving, altering, or enhancing the patient's appearance and do not meaningfully promote the proper function of the body of prevent or treat illness or disease.

Exception:

- Procedures necessary to ameliorate a deformity arising from, or directly related to, a congenital or developmental defect or abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease, tumor, virus or infection.
- Cases or treatments covered by the National Health Insurance Program

## Excise Tax on Mineral Products

Prior to  
RA No. 10963

Coal and coke –  
₱10 per metric  
ton (MT)



Non-metallic  
minerals, quarry  
resources, copper  
and other  
metallic minerals,  
gold and chromite  
- 2% of FMV of  
the gross output



Indigenous  
petroleum –  
3% of the fair  
international  
market price



RA No. 10963

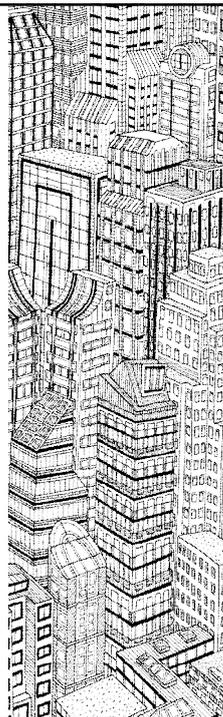
2018: ₱50 per MT  
2019: ₱100 per MT  
2020: ₱150 per MT

4%

6%

Key Amendments

Administrative Provisions



## Simplified ITR

	Prior to RA No. 10963	RA No. 10963
<div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p style="text-align: center;">Information contained in the ITR for corporations and individuals</p> 	<p>Twelve-pages ITR, without specifications on the information required to be disclosed in the ITR</p>	<p>The ITR shall consist a maximum of four pages in paper or electronic form and shall only contain the following information:</p> <ul style="list-style-type: none"> <li>§ Corporate/Personal profile and information;</li> <li>§ Gross sales receipts or income from compensation, except income subject to final tax;</li> <li>§ Allowable deductions;</li> <li>§ Taxable income; and</li> <li>§ Income tax due and payable</li> </ul>

## Deadline of filing and payment

	Prior to RA No. 10963	RA No. 10963
		
 <p>Deadline of filing and payment for the first quarterly ITR for individuals</p>	April 15 of the current taxable year	May 15 of the current taxable year
<p>Installment payment for individual income tax <i>(Applicable if the tax due exceeds ₱2,000)</i></p>	Second and final installment payment shall be paid on or before July 15 following the close of the taxable year	Second and final installment payment shall be paid on or before October 15 following the close of the taxable year

## Deficiency Interest

Prior to RA No. 10963	RA No. 10963
<p>20% per annum on any unpaid amount of tax</p> 	<p><u>TWICE</u> the legal rate for loans or forbearance of any money set by the Bangko Sentral ng Pilipinas (BSP)</p> <p>In no case shall the deficiency interest and delinquency interest be imposed simultaneously. Deficiency interest is due from the date prescribed for its payment until full payment thereof, or upon issuance of a notice and demand by the Commissioner, whichever comes earlier.</p>

## Issuance of Invoice/Receipt

Prior to  
RA No. 10963

RA No. 10963

Issuance of invoice/receipt:

- ▶ Sale of goods/services valued at ₱25



- ▶ Increase threshold to ₱100

- ▶ Within 5 years from the effectivity of the tax reform and the establishment of a system capable of storing and processing the required data, taxpayers engaged in e-commerce business, taxpayers engaged in the export of goods and services, and those under the jurisdiction of Large Taxpayers Service are required to issue Electronic invoice/receipt

- ▶ In case of electronic invoice/receipt, the digital records shall be kept by the purchaser, customer or client and the issuer for a period of 3 years

## Failure or Refusal to Issue Commercial Invoice/Receipt

Prior to  
RA No. 10963

RA No. 10963

Fine of  
Minimum: ₱1,000  
Maximum: ₱50,000

and imprisonment of not less than four (4) years



Fine of  
Minimum: ₱500,000  
Maximum: ₱10,000,000

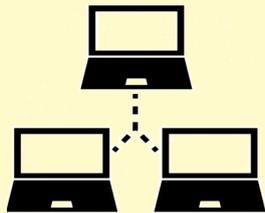
and imprisonment of six (6) to ten (10) years

## Electronic Sales Reporting System

Prior to  
RA No. 10963

RA No. 10963

Not provided  
in the Tax Code



Large taxpayers, and those engaged in the export of goods and services are required to electronically report their sales data through electronic POS.

Machines, fiscal devices, and fiscal memory devices and shall be at the expense of the taxpayers.

The establishment by the BIR of the electronic sales reporting system shall be done within 5 years from the effectivity of the tax reform.

## Failure to Transmit Sales Data to the BIR's Electronic Sales Reporting System

Prior to  
RA No. 10963

RA No. 10963

Not provided  
in the Tax Code



Penalty:

1/10 of 1% of the annual net income reflected in the taxpayer's AFS for the second year preceding the current taxable year for each day of violation or P10,000, whichever is higher

Should the aggregate number of violation exceed 180 days within a taxable year, an additional penalty of closure of business shall be imposed. This penalty shall not apply if the failure of transmission is due to force majeure or any causes beyond the control of the taxpayer.

## Purchase, Use, Possession, Keeping or Maintaining of Sales Suppression Devices

Prior to  
RA No. 10963

RA No. 10963

Not provided  
in the Tax Code



Fine of  
Minimum: ₱500,000  
Maximum: ₱10,000,000

and imprisonment of not less than two (2) years but not more than four (4) years

and cumulative suppression of electronic sales record in excess of the amount of ₱50,000,000 shall be considered as economic sabotage and shall be punished in the maximum penalty

## Guidelines in Keeping Books of Accounts

Prior to  
RA No. 10963

RA No. 10963

Simplified method:

- ▶ Quarterly sales, earnings, receipts or output  $\leq$  ₱50,000



Certification from independent CPA :

- ▶ Quarterly sales, earnings, receipts or output  $\geq$  ₱150,000

- Threshold of ₱50,000 for simplified method is removed.
- Regardless of the amount of quarterly sales, earnings, receipts or output, all corporations, companies, partnerships or persons required by law to pay internal revenue taxes shall keep and use relevant and appropriate set of bookkeeping records duly authorized by the Secretary of Finance.

Threshold increased to ₱3,000,000

## Penalties for Tax Evaders

Prior to  
RA No. 10963

RA No. 10963

Fine of  
Minimum: ₱30,000  
Maximum: ₱100,000

and imprisonment of not  
less than two (2) years  
but not more than four  
(4) years



Fine of  
Minimum: ₱500,000  
Maximum: ₱10,000,000

and imprisonment of six (6) to ten (10) years

Thank you.