
House Bill on Tax Reform for Acceleration and Inclusion

In brief

Last 31 May 2017, the House of Representatives approved on its third and final reading House Bill (“HB”) No. 5636, containing the first tax reform package proposed by the current administration. HB No. 5636, in substitution of several tax reform bills including HB No. 4774, proposes amendments on several provisions of the National Internal Revenue Code of 1997, as amended, specifically on individual income tax, donor’s and estate tax, value added tax, and excise tax.

The bill is set to be taken up by the Senate after Congress reconvenes on 24 July 2017. Any differences between the House and Senate versions will be harmonized in a bicameral conference committee before it will be transmitted to the Office of the President for signing into law.

| Tax Particulars | Current tax rules | Proposed tax reform |
|--|--|---|
| Commissioner's power to obtain information, and to summon, examine, and take testimony of persons | Sec. 5 (B) Commissioner's power to obtain information from any person other than the person whose internal revenue tax liability is subject to audit or investigation or from any office or officer of the national and local governments, government agencies and instrumentalities | <p>Additional provisions on</p> <ul style="list-style-type: none"> a. The establishment of electronic interconnectivity by and among the Bureau of Internal Revenue ("BIR") and other national government agencies, local government units, and government agencies and instrumentalities that will allow relevant exchange of information; b. Compliance with current rules on disposition of income tax returns ("ITRs"), publication of lists of taxpayers and filers in case data requirements consist of information found in ITRs; and c. Submission of a tax incentive report by the Cooperatives Development Authority to the BIR and Department of Finance. |
| Commissioner's authority to inquire and receive taxpayer's information held by financial institutions | <p>Sec. 6 (F) Commissioner's authority to inquire and receive information on bank deposit accounts held by financial institutions over the following:</p> <ul style="list-style-type: none"> a. A decedent to determine his gross estate; b. Any taxpayer who has filed an application for compromise of his tax liability; and c. A specific taxpayer or taxpayers, subject to a request for the supply of tax information from a foreign tax authority. | <p>Revised/additional coverage of Commissioner's authority over the following:</p> <ul style="list-style-type: none"> a. A specific taxpayer or taxpayers, upon an obligation to exchange tax information to a foreign tax authority, whether on request or automatic; and b. Any taxpayer upon order of any competent court in cases involving tax evasion offenses. |
| Adjustments in the personal income taxation | | |
| On minimum wage earners ("MWEs") provisions | <p>Sec. 22 (GG) and (HH) on the definition of statutory minimum wage and statutory MWE</p> <p>Sec. 24 (A) (2) MWEs are exempt from income tax on their compensation, holiday pay, overtime pay, night shift differential pay and hazard pay.</p> | <p>Deletion of the definitions</p> <p>Removal of tax exemption provisions on earnings by MWEs</p> |

| Tax Particulars | Current tax rules | Proposed tax reform | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|--|---|---------------------|---------------------------------|--|---------------------------------|---------------------------------------|---|---------------------------------------|--|---|--|---|--|--|---|---------------------|----|-----------------------------------|--------------------------------|-----------------------------------|---|-------------------------------------|--|---------------------------------------|--|----------------|--|
| On personal income tax table | Sec. 24 (A) (2) Personal income tax table for both compensation-income earners, and self-employed and/or professionals: | Separate tax table | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | A. For compensation income earners | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <i>Effective 1 January 2018</i> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <tr> <td>Not over PHP10,000</td> <td>5%</td> </tr> <tr> <td>Over 10,000 but not over 30,000</td> <td>PHP500 + 10% of the excess over 10,000</td> </tr> <tr> <td>Over 30,000 but not over 70,000</td> <td>2,500 + 15% of the excess over 30,000</td> </tr> <tr> <td>Over 70,000 but not over 140,000</td> <td>8,500 + 20% of the excess over 70,000</td> </tr> <tr> <td>Over 140,000 but not over 250,000</td> <td>22,500 + 25% of the excess over 140,000</td> </tr> <tr> <td>Over 250,000 but not over 500,000</td> <td>50,000 + 30% of the excess over 250,000</td> </tr> <tr> <td>Over 500,000</td> <td>125,000 + 32% of the excess over 500,000</td> </tr> </table> | Not over PHP10,000 | 5% | Over 10,000 but not over 30,000 | PHP500 + 10% of the excess over 10,000 | Over 30,000 but not over 70,000 | 2,500 + 15% of the excess over 30,000 | Over 70,000 but not over 140,000 | 8,500 + 20% of the excess over 70,000 | Over 140,000 but not over 250,000 | 22,500 + 25% of the excess over 140,000 | Over 250,000 but not over 500,000 | 50,000 + 30% of the excess over 250,000 | Over 500,000 | 125,000 + 32% of the excess over 500,000 | <table border="1"> <tr> <td>Not over PHP250,000</td> <td>0%</td> </tr> <tr> <td>Over 250,000 but not over 400,000</td> <td>20% of the excess over 250,000</td> </tr> <tr> <td>Over 400,000 but not over 800,000</td> <td>30,000 + 25% of the excess over 400,000</td> </tr> <tr> <td>Over 800,000 but not over 2,000,000</td> <td>130,000 + 30% of the excess over 800,000</td> </tr> <tr> <td>Over 2,000,000 but not over 5,000,000</td> <td>490,000 + 32% of the excess over 2,000,000</td> </tr> <tr> <td>Over 5,000,000</td> <td>1,450,000 + 35% of the excess over 5,000,000</td> </tr> </table> | Not over PHP250,000 | 0% | Over 250,000 but not over 400,000 | 20% of the excess over 250,000 | Over 400,000 but not over 800,000 | 30,000 + 25% of the excess over 400,000 | Over 800,000 but not over 2,000,000 | 130,000 + 30% of the excess over 800,000 | Over 2,000,000 but not over 5,000,000 | 490,000 + 32% of the excess over 2,000,000 | Over 5,000,000 | 1,450,000 + 35% of the excess over 5,000,000 |
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| | | <i>Effective 1 January 2021</i> | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Tax Particulars | Current tax rules | Proposed tax reform | | | | | | |
|---|--|--|-------|-----|---|--|--|--|
| On personal income tax table | | <p>After 2022, the taxable income levels and base shall be adjusted once every 3 years based on the rules and regulations issued by the Secretary of Finance.</p> <p>B. For self-employed and/or professionals</p> <table border="1" data-bbox="1024 621 1471 982"> <thead> <tr> <th data-bbox="1032 621 1235 646">Basis</th> <th data-bbox="1256 621 1300 646">Tax</th> </tr> </thead> <tbody> <tr> <td data-bbox="1032 657 1235 789">Gross sales or gross receipts do not exceed value added tax ("VAT") threshold (<i>i.e.</i>, PHP3,000,000)</td> <td data-bbox="1256 657 1463 789">8% income tax on gross sales or gross receipts in excess of PHP250,000 (in lieu of percentage tax)</td> </tr> <tr> <td data-bbox="1032 800 1235 873">Gross sales or gross receipts exceed VAT threshold</td> <td data-bbox="1256 800 1463 972">Shall be taxed in the same manner as corporations as to the applicable tax rate, minimum income tax and allowable deductions</td> </tr> </tbody> </table> | Basis | Tax | Gross sales or gross receipts do not exceed value added tax ("VAT") threshold (<i>i.e.</i> , PHP3,000,000) | 8% income tax on gross sales or gross receipts in excess of PHP250,000 (in lieu of percentage tax) | Gross sales or gross receipts exceed VAT threshold | Shall be taxed in the same manner as corporations as to the applicable tax rate, minimum income tax and allowable deductions |
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| Gross sales or gross receipts exceed VAT threshold | Shall be taxed in the same manner as corporations as to the applicable tax rate, minimum income tax and allowable deductions | | | | | | | |
| On passive income on other winnings | Sec. 24 (B) (1) Philippine Charity Sweepstakes Office ("PCSO") and lotto winnings are exempt from 20% final withholding tax. | Removal of the tax exemption on winnings from PCSO and lotto | | | | | | |
| On alien individuals and qualified Filipinos employed by specific employers | <p>Sec. 25 (C), (D) and (E) A rate of 15% final withholding tax on the gross compensation income of alien individuals and qualified Filipinos employed by the following employers:</p> <ol style="list-style-type: none"> Regional or area headquarters and regional operating headquarters of multinational companies; Offshore banking units; and Petroleum contractors and subcontractors. | Removal of 15% income tax | | | | | | |
| On 13th month pay and other benefits exemption | Sec. 32 (B) (7) (e) PHP82,000 amount of the 13th month pay and other benefits is excluded from the computation of gross income. | Amount of income tax exemption of the 13th month pay and other benefits is increased to PHP100,000. | | | | | | |

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|---|---|--|--------------|--------------------|------|--------------------|--|------------|--------|--|--|---------|---------|---|----|---------|---------|-----------|--------|----|---------|-----------|-----------|---------|-----|-----------|-----------|------------|---------|-----|-----------|------------|----------|-----------|-----|------------|--|
| On fringe benefit tax given to non-rank and file employees | Sec. 33 (A)(1)(a)(i) <ul style="list-style-type: none"> Fringe benefits given to non-rank and file employees are subject to 32% final tax rate. The grossed-up monetary value is determined by dividing the actual monetary value by 68%. | <ul style="list-style-type: none"> Effective 1 January 2018, fringe benefits given to non-rank and file employees are subject to 30% final tax rate. The grossed-up monetary value is determined by dividing the actual monetary value by 70%. In 2022 onwards, the fringe benefit shall form part of the gross income of its recipient employee subject to regular income tax rates and the actual monetary value (not the grossed-up monetary value) of the fringe benefit will be considered as allowable deduction. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On optional standard deduction (“OSD”) | Sec. 34. (L) In lieu of the itemized allowable deductions, an individual subject to tax, other than a nonresident alien, may elect an OSD of 40% of gross sales or gross receipts. | Deletion of OSD for individuals Note however, that self-employed and/or professionals whose gross sales or gross receipts exceed the VAT threshold shall be taxed as corporations which are allowed OSD of 40% based on gross income. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On income tax deductions and exemptions | Sec. 34 (M) Php2,400 per year or Php200 per month worth of premium payments on health and/or hospitalization Sec. 35 and 79 (D) Exemptions on the following: <ul style="list-style-type: none"> PHP50,000 worth of personal exemption PHP25,000 worth per qualified dependent child PHP20,000 exemption from income of the estate or trust | Removal of the deduction and exemptions enumerated in the preceding column | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adjustments in estate taxation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On estate tax rates | Sec. 84 Estate tax table: <table border="1" data-bbox="462 1612 998 1917"> <thead> <tr> <th>Over</th> <th>But not over</th> <th>This tax shall be</th> <th>Plus</th> <th>Of the Excess Over</th> </tr> </thead> <tbody> <tr> <td></td> <td>PHP200,000</td> <td>Exempt</td> <td></td> <td></td> </tr> <tr> <td>200,000</td> <td>500,000</td> <td>0</td> <td>5%</td> <td>200,000</td> </tr> <tr> <td>500,000</td> <td>2,000,000</td> <td>15,000</td> <td>8%</td> <td>500,000</td> </tr> <tr> <td>2,000,000</td> <td>5,000,000</td> <td>135,000</td> <td>11%</td> <td>2,000,000</td> </tr> <tr> <td>5,000,000</td> <td>10,000,000</td> <td>465,000</td> <td>15%</td> <td>5,000,000</td> </tr> <tr> <td>10,000,000</td> <td>And Over</td> <td>1,215,000</td> <td>20%</td> <td>10,000,000</td> </tr> </tbody> </table> | Over | But not over | This tax shall be | Plus | Of the Excess Over | | PHP200,000 | Exempt | | | 200,000 | 500,000 | 0 | 5% | 200,000 | 500,000 | 2,000,000 | 15,000 | 8% | 500,000 | 2,000,000 | 5,000,000 | 135,000 | 11% | 2,000,000 | 5,000,000 | 10,000,000 | 465,000 | 15% | 5,000,000 | 10,000,000 | And Over | 1,215,000 | 20% | 10,000,000 | <ul style="list-style-type: none"> Removal of the estate tax table Estate tax rate fixed at 6% based on the net estate |
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| | PHP200,000 | Exempt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200,000 | 500,000 | 0 | 5% | 200,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Tax Particulars | Current tax rules | Proposed tax reform |
|---------------------------------|--|---|
| On estate tax deductions | Sec. 86 (A) (5) Citizens or residents are allowed a Family home deduction amounting to PHP1,000,000. | Ceiling amount for deductions from family home allowed for citizens and residents increased to PHP3,000,000 with proposed indexation every 3 years starting 2018. |
| | Sec. 86 (B) Nonresident estates are allowed to deduct expenses, losses, indebtedness and taxes from the value of the gross estate. | For nonresident estates, expenses, losses, indebtedness and taxes are removed from the list of allowable deductions from gross estate. |

Adjustments in donor's taxation

| On donor's tax rates | Sec. 99 (A) and (B) Donor's tax rates are as follows: | <ul style="list-style-type: none"> Retention of the tax exemption on PHP100,000 annual net gifts; Removal of the donor's tax table; Donor's tax rate fixed at 6% based on annual net gifts, regardless of whether the donee is a stranger or not | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|---|--------------|--------------------|------|--------------------|--|------------|--------|--|--|---------|---------|---|----|---------|---------|---------|-------|----|---------|---------|-----------|--------|----|---------|-----------|-----------|--------|----|-----------|-----------|-----------|---------|-----|-----------|-----------|------------|---------|-----|-----------|------------|--|-----------|-----|------------|--|
| | a. Not stranger | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Over | But not over | This tax shall be | Plus | Of the Excess Over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | PHP100,000 | Exempt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100,000 | 200,000 | 0 | 2% | 100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200,000 | 500,000 | 2,000 | 4% | 200,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 500,000 | 1,000,000 | 14,000 | 6% | 500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,000,000 | 3,000,000 | 44,000 | 8% | 1,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3,000,000 | 5,000,000 | 204,000 | 10% | 3,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,000,000 | 10,000,000 | 404,000 | 12% | 5,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10,000,000 | | 1,004,000 | 15% | 10,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | b. Stranger – 30% based on net gifts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Tax Particulars | Current tax rules | Proposed tax reform |
|---|--|--|
| Expansion of the VAT base | | |
| On zero-rated sale of goods | <p>Sec. 106 (A) (2) Export sales include the following:</p> <ol style="list-style-type: none"> 1. Sale of gold to the Bangko Sentral ng Pilipinas (BSP); and 2. Sale of goods, supplies, equipment and fuel to persons engaged in international shipping or international air transport operations. <p>Other zero-rated sales of goods are as follows:</p> <ol style="list-style-type: none"> a. Foreign currency denominated sale; and b. Sales to persons or entities exempted under special laws or international agreements. | <ul style="list-style-type: none"> • Sale of gold to BSP is reclassified from export sales to other zero-rated sales. • Item 2 will qualify as export sales provided that the goods, supplies, equipment and fuel shall be used for international shipping and air transport operations. • Foreign currency denominated sales are removed from zero-rated sales. • Upon the establishment and implementation of an enhanced VAT refund system that gives the taxpayer the actual refund or denial of his application within 90 days from filing of the VAT refund application, the following are no longer considered export sales: <ol style="list-style-type: none"> a. Sale of raw or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise; b. Sale of raw or packaging materials to export-oriented enterprise whose export sales exceed 70% of total annual production; and c. Export sales under Executive Order No. 226 and other special laws. |
| On the scope of sale or exchange of services | <p>Sec. 108 (A) provides definition of sale or exchange of services.</p> | <p>Inclusion of sale of electricity by electric cooperatives in the definition of sale or exchange of services.</p> |

| Tax Particulars | Current tax rules | Proposed tax reform |
|--|--|--|
| On zero-rated sales of services | <p>Sec. 108 (B) Zero-rated sales of services include:</p> <ol style="list-style-type: none"> 1. Services rendered to persons engaged in international shipping or international air transport operations; 2. Transport of passengers and cargo by air or sea vessels from the Philippines to a foreign country; and 3. Services performed by subcontractors and/or contractors in processing, converting, of manufacturing goods for an enterprise whose export sales exceed 70% of total annual production. | <ul style="list-style-type: none"> • Item 1 will qualify as zero-rated sale of services if these services are exclusively for international shipping and air transport operations. • Zero-rating for transport of passenger and cargo shall apply for domestic air or sea vessels. • Item 3 shall be subject to the 12% VAT upon the establishment and implementation of an enhanced VAT refund system that gives the taxpayer the actual refund or denial of his application within 90 days from filing of the VAT refund application. |
| On VAT exemptions | <p>Sec. 109 (1) VAT exemptions include the following transactions:</p> <ol style="list-style-type: none"> 1. Importation of professional instruments, etc. belonging to persons coming to settle in the Philippines, for their personal use, accompanying such persons or arriving within 90 days before or after their arrival; 2. Sale of real property utilized for low-cost housing, sale of residential lot valued at PHP1,500,000 (as adjusted by Revenue Regulations (“RR”) No. 16-2011, PHP1,919,500) and sale of other residential dwellings valued at PHP2,500,000 (as adjusted by RR No. 16-2011, PHP3,199,200); 3. Lease of residential unit with monthly rental of PHP10,000 (as adjusted by RR No. 16-2011, PHP12,800); 4. Importation of fuel, goods, and supplies by persons engaged in international shipping of air transport operations; and 5. Other sale of lease of goods or properties or the performance of services, the amount of which does not exceed Php1,500,000 (as adjusted by RR No. 16-2011, PHP1,919,500). | <ul style="list-style-type: none"> • Expansion of the importation exemption on professional instruments to include those belonging to overseas Filipinos, and their families and descendants • Removal of exemption of items 2 and 3 • Exemption of the importation of fuel, goods and supplies shall only apply if such are used for international shipping or air transport operations. • Additional exemption of sale or lease of goods and services to senior citizens and persons with disabilities • VAT threshold increased to PHP3,000,000 with proposed indexation every 3 years starting 2021 • Sale of real property utilized for socialized housing shall be subject to the 12% VAT upon establishment of housing voucher system which shall benefit buyers of socialized housing. |

| Tax Particulars | Current tax rules | Proposed tax reform |
|---------------------------------------|--|--|
| Other percentage taxes | | |
| Tax on persons exempt from VAT | Sec. 116 Any person whose sales or receipts are exempt under Sec. 109 (V) from the payment of VAT and who is not a VAT-registered person shall pay tax of 3%. Cooperatives are exempt from the 3% gross receipt tax. | <ul style="list-style-type: none">• Self-employed and/or professionals whose gross sales or gross receipts do not exceed the VAT threshold shall also be exempt from the 3% gross receipt tax. |

| Tax Particulars | Current tax rules | Proposed tax reform | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|------------------|------------------------------|-------------------|---------------|----------------|----------------------|-------------|-------------------|----------------|--|----------------|-------------------------|----------------|-------------------------|----------------|----------|----------------|-----------------|----------------|-------------------------|----------------|---------|-------------|-----------------|----------------|---|-----------------------------------|-----------|--|--|----------------|----------------|----------------|--|---------|---------|----------|---------------------------|------|------|------|-------------------------------|------|------|-------|-------------------------------|------|------|------|--|------|------|-------|-------------------------------------|------|------|-------|-------------------------------------|------|------|-------|----------------------|------|------|------|-----------------------------|------|------|------|-------------------------------------|------|------|------|------------------|------|------|------|-----------------------------|------|------|------|
| Adjustments in excise taxation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On excise tax of petroleum products | Sec. 148 The following items have the corresponding excise tax rates: | The following are the revised excise tax rates effective corresponding periods: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Manufactured Oils and Other Fuels</th> <th style="text-align: center;">Excise tax rates</th> </tr> </thead> <tbody> <tr><td>Lubricating oils and greases</td><td style="text-align: center;">PHP4.50 per liter</td></tr> <tr><td>Processed gas</td><td style="text-align: center;">0.05 per liter</td></tr> <tr><td>Waxes and petrolatum</td><td style="text-align: center;">3.50 per kg</td></tr> <tr><td>Denatured alcohol</td><td style="text-align: center;">0.05 per liter</td></tr> <tr><td>Naphtha, regular gasoline and other similar products of distillation</td><td style="text-align: center;">4.35 per liter</td></tr> <tr><td>Leaded premium gasoline</td><td style="text-align: center;">5.35 per liter</td></tr> <tr><td>Aviation turbo jet fuel</td><td style="text-align: center;">3.67 per liter</td></tr> <tr><td>Kerosene</td><td style="text-align: center;">0.00 per liter</td></tr> <tr><td>Diesel fuel oil</td><td style="text-align: center;">0.00 per liter</td></tr> <tr><td>Liquefied Petroleum Gas</td><td style="text-align: center;">0.00 per liter</td></tr> <tr><td>Asphalt</td><td style="text-align: center;">0.56 per kg</td></tr> <tr><td>Bunker fuel oil</td><td style="text-align: center;">0.00 per liter</td></tr> </tbody> </table> | Manufactured Oils and Other Fuels | Excise tax rates | Lubricating oils and greases | PHP4.50 per liter | Processed gas | 0.05 per liter | Waxes and petrolatum | 3.50 per kg | Denatured alcohol | 0.05 per liter | Naphtha, regular gasoline and other similar products of distillation | 4.35 per liter | Leaded premium gasoline | 5.35 per liter | Aviation turbo jet fuel | 3.67 per liter | Kerosene | 0.00 per liter | Diesel fuel oil | 0.00 per liter | Liquefied Petroleum Gas | 0.00 per liter | Asphalt | 0.56 per kg | Bunker fuel oil | 0.00 per liter | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Manufactured Oils and Other Fuels</th> <th colspan="3" style="text-align: center;">Effective</th> </tr> <tr> <th style="text-align: center;">1 January 2018</th> <th style="text-align: center;">1 January 2019</th> <th style="text-align: center;">1 January 2020</th> </tr> </thead> <tbody> <tr><td>Lubricating oils and greases (per liter)</td><td style="text-align: center;">PHP7.00</td><td style="text-align: center;">PHP9.00</td><td style="text-align: center;">PHP10.00</td></tr> <tr><td>Processed gas (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Waxes and petrolatum (per kg)</td><td style="text-align: center;">7.00</td><td style="text-align: center;">9.00</td><td style="text-align: center;">10.00</td></tr> <tr><td>Denatured alcohol (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Naphtha, regular gasoline and other similar products of distillation (per liter)</td><td style="text-align: center;">7.00</td><td style="text-align: center;">9.00</td><td style="text-align: center;">10.00</td></tr> <tr><td>Leaded premium gasoline (per liter)</td><td style="text-align: center;">7.00</td><td style="text-align: center;">9.00</td><td style="text-align: center;">10.00</td></tr> <tr><td>Aviation turbo jet fuel (per liter)</td><td style="text-align: center;">7.00</td><td style="text-align: center;">9.00</td><td style="text-align: center;">10.00</td></tr> <tr><td>Kerosene (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Diesel fuel oil (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Liquefied Petroleum Gas (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Asphalt (per kg)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> <tr><td>Bunker fuel oil (per liter)</td><td style="text-align: center;">3.00</td><td style="text-align: center;">5.00</td><td style="text-align: center;">6.00</td></tr> </tbody> </table> <ul style="list-style-type: none"> Imposition of PHP0 excise tax on LPG that is used as raw material in the production of petrochemical products or as a replacement fuel for natural gas fired-combined cycle power plant, in lieu of locally-extracted natural gas during unavailability thereof Excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom. Scheduled increase in the excise tax on fuel for period covering 2018 to 2020 shall be suspended if the Dubai Crude Oil price reach US\$80 per barrel or more. | Manufactured Oils and Other Fuels | Effective | | | 1 January 2018 | 1 January 2019 | 1 January 2020 | Lubricating oils and greases (per liter) | PHP7.00 | PHP9.00 | PHP10.00 | Processed gas (per liter) | 3.00 | 5.00 | 6.00 | Waxes and petrolatum (per kg) | 7.00 | 9.00 | 10.00 | Denatured alcohol (per liter) | 3.00 | 5.00 | 6.00 | Naphtha, regular gasoline and other similar products of distillation (per liter) | 7.00 | 9.00 | 10.00 | Leaded premium gasoline (per liter) | 7.00 | 9.00 | 10.00 | Aviation turbo jet fuel (per liter) | 7.00 | 9.00 | 10.00 | Kerosene (per liter) | 3.00 | 5.00 | 6.00 | Diesel fuel oil (per liter) | 3.00 | 5.00 | 6.00 | Liquefied Petroleum Gas (per liter) | 3.00 | 5.00 | 6.00 | Asphalt (per kg) | 3.00 | 5.00 | 6.00 | Bunker fuel oil (per liter) | 3.00 | 5.00 | 6.00 |
| Manufactured Oils and Other Fuels | Excise tax rates | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lubricating oils and greases | PHP4.50 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Processed gas | 0.05 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Waxes and petrolatum | 3.50 per kg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Denatured alcohol | 0.05 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Naphtha, regular gasoline and other similar products of distillation | 4.35 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Leaded premium gasoline | 5.35 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aviation turbo jet fuel | 3.67 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kerosene | 0.00 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diesel fuel oil | 0.00 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liquefied Petroleum Gas | 0.00 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asphalt | 0.56 per kg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bunker fuel oil | 0.00 per liter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manufactured Oils and Other Fuels | Effective | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 January 2018 | 1 January 2019 | 1 January 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lubricating oils and greases (per liter) | PHP7.00 | PHP9.00 | PHP10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Processed gas (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Waxes and petrolatum (per kg) | 7.00 | 9.00 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Denatured alcohol (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Naphtha, regular gasoline and other similar products of distillation (per liter) | 7.00 | 9.00 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Leaded premium gasoline (per liter) | 7.00 | 9.00 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aviation turbo jet fuel (per liter) | 7.00 | 9.00 | 10.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kerosene (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diesel fuel oil (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liquefied Petroleum Gas (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asphalt (per kg) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bunker fuel oil (per liter) | 3.00 | 5.00 | 6.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Tax Particulars | Current tax rules | Proposed tax reform | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-------------|--|------|-------|-----------------|-----------------|------------|------------|---------|-----------|-----------------------------------|--|-----------|-------------------------------------|---|-----------|--------------------------------------|--|-------------|--|--|------|-------|-----------------|---|------------|----|---------|-----------|--|-----------|-----------|---|-----------|-----------|---|-----------|--|---|
| On mandatory marking of petroleum products | No current tax rules on the same | All petroleum products shall be marked with the official marking agent designated by the Department of Finance. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On excise tax on automobiles | Sec. 149 Excise tax imposed on automobiles are as follows: | Imposition of the following increased excise taxes: Effective 1 January 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th colspan="3">Automobiles</th> </tr> <tr> <th>Over</th> <th>Up to</th> <th>Excise tax rate</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>PHP600,000</td> <td>2%</td> </tr> <tr> <td>600,000</td> <td>1,100,000</td> <td>12,000 + 20% in excess of 600,000</td> </tr> <tr> <td>1,100,000</td> <td>2,100,000</td> <td>112,000+ 40% in excess of 1,100,000</td> </tr> <tr> <td>2,100,000</td> <td></td> <td>512,000 + 60% in excess of 2,100,000</td> </tr> </tbody> </table> | Automobiles | | | Over | Up to | Excise tax rate | 0 | PHP600,000 | 2% | 600,000 | 1,100,000 | 12,000 + 20% in excess of 600,000 | 1,100,000 | 2,100,000 | 112,000+ 40% in excess of 1,100,000 | 2,100,000 | | 512,000 + 60% in excess of 2,100,000 | <table border="1"> <thead> <tr> <th colspan="3">Automobiles</th> </tr> <tr> <th>Over</th> <th>Up to</th> <th>Excise tax rate</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>PHP600,000</td> <td>3%</td> </tr> <tr> <td>600,000</td> <td>1,100,000</td> <td>18,000 + 30% of value in excess of 600,000</td> </tr> <tr> <td>1,100,000</td> <td>2,100,000</td> <td>168,000 + 50% of value in excess of 1,100,000</td> </tr> <tr> <td>2,100,000</td> <td>3,100,000</td> <td>668,000 + 80% of value in excess of 2,100,000</td> </tr> <tr> <td>3,100,000</td> <td></td> <td>1,468,000 + 90% of value in excess of 3,100,000</td> </tr> </tbody> </table> | Automobiles | | | Over | Up to | Excise tax rate | 0 | PHP600,000 | 3% | 600,000 | 1,100,000 | 18,000 + 30% of value in excess of 600,000 | 1,100,000 | 2,100,000 | 168,000 + 50% of value in excess of 1,100,000 | 2,100,000 | 3,100,000 | 668,000 + 80% of value in excess of 2,100,000 | 3,100,000 | | 1,468,000 + 90% of value in excess of 3,100,000 |
| Automobiles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Over | Up to | Excise tax rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | PHP600,000 | 2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 600,000 | 1,100,000 | 12,000 + 20% in excess of 600,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,100,000 | 2,100,000 | 112,000+ 40% in excess of 1,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2,100,000 | | 512,000 + 60% in excess of 2,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Automobiles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Over | Up to | Excise tax rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | PHP600,000 | 3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 600,000 | 1,100,000 | 18,000 + 30% of value in excess of 600,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,100,000 | 2,100,000 | 168,000 + 50% of value in excess of 1,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2,100,000 | 3,100,000 | 668,000 + 80% of value in excess of 2,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3,100,000 | | 1,468,000 + 90% of value in excess of 3,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Effective 1 January 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th colspan="3">Automobiles</th> </tr> <tr> <th>Over</th> <th>Up to</th> <th>Excise tax rate</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>PHP600,000</td> <td>4%</td> </tr> <tr> <td>600,000</td> <td>1,100,000</td> <td>24,000 + 40% of value in excess of 600,000</td> </tr> <tr> <td>1,100,000</td> <td>2,100,000</td> <td>224,000 + 60% of value in excess of 1,100,000</td> </tr> <tr> <td>2,100,000</td> <td>3,100,000</td> <td>824,000 + 100% of value in excess of 2,100,000</td> </tr> <tr> <td>3,100,000</td> <td></td> <td>1,824,000 + 120% of value in excess of 3,100,000</td> </tr> </tbody> </table> | Automobiles | | | Over | Up to | Excise tax rate | 0 | PHP600,000 | 4% | 600,000 | 1,100,000 | 24,000 + 40% of value in excess of 600,000 | 1,100,000 | 2,100,000 | 224,000 + 60% of value in excess of 1,100,000 | 2,100,000 | 3,100,000 | 824,000 + 100% of value in excess of 2,100,000 | 3,100,000 | | 1,824,000 + 120% of value in excess of 3,100,000 | | | | | | | | | | | | | | | | | | |
| Automobiles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Over | Up to | Excise tax rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | PHP600,000 | 4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 600,000 | 1,100,000 | 24,000 + 40% of value in excess of 600,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,100,000 | 2,100,000 | 224,000 + 60% of value in excess of 1,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2,100,000 | 3,100,000 | 824,000 + 100% of value in excess of 2,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3,100,000 | | 1,824,000 + 120% of value in excess of 3,100,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <ul style="list-style-type: none"> Automobiles shall also include motive powered vehicles but not (1) those purely powered by electricity and (2) hybrid vehicles. A pick-up shall now be considered a truck, and hence an automobile. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Tax Particulars | Current tax rules | Proposed tax reform | | | | | | |
|---|--|--|-------|------------------------------------|---|----------|---------------------------------|-------|
| On excise taxes on sweetened beverages | No current tax rules on the same | Effective 1 January 2018 | | | | | | |
| | | <table border="1"> <thead> <tr> <th data-bbox="1032 432 1081 453">Basis</th> <th data-bbox="1279 432 1479 480">Tax (Per Liter of Volume Capacity)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1032 495 1247 543">Beverage containing purely locally produced sugar</td> <td data-bbox="1430 495 1503 516">PHP10.00</td> </tr> <tr> <td data-bbox="1032 558 1214 606">Other sugar sweetened beverages</td> <td data-bbox="1455 558 1503 579">20.00</td> </tr> </tbody> </table> | Basis | Tax (Per Liter of Volume Capacity) | Beverage containing purely locally produced sugar | PHP10.00 | Other sugar sweetened beverages | 20.00 |
| Basis | Tax (Per Liter of Volume Capacity) | | | | | | | |
| Beverage containing purely locally produced sugar | PHP10.00 | | | | | | | |
| Other sugar sweetened beverages | 20.00 | | | | | | | |
| | | Rate of tax shall be adjusted once every 3 years. | | | | | | |
| On having mandatory counting devices for importers of excisable products | Sec. 155 Manufacturers of excisable products are required to have suitable counting or metering devices for determining volume, quantity or number of such articles. | Importers of excisable products are also required to have counting or metering devices to accurately measure the volume, quantity or number of such articles imported. | | | | | | |
| On authority of BIR in searching for taxable articles | Sec. 171 BIR may enter any house, building, or place where articles subject to excise tax are produced or kept. | BIR may conduct periodic random field tests on fuels required to be marked. | | | | | | |
| Administrative provisions | | | | | | | | |
| Keeping of Books of Accounts | <p data-bbox="461 1035 597 1056">Sec. 232(A)</p> <ul data-bbox="461 1098 992 1476" style="list-style-type: none"> <li data-bbox="461 1098 992 1224">• Those whose quarterly sales, earnings, receipts, or output do not exceed PHP50,000 shall keep and use simplified set of bookkeeping records. <li data-bbox="461 1224 992 1476">• Those whose gross quarterly sales, earnings, receipts or output exceed Php150,000 shall have their books of accounts audited and examined yearly by independent Certified Public Accountants (CPAs) and their ITRs accompanied with a duly accomplished Account Information Form (AIF). | <ul data-bbox="1024 1098 1495 1476" style="list-style-type: none"> <li data-bbox="1024 1098 1495 1245">• Those whose quarterly sales, earnings, receipts, or output do not exceed PHP250,000 shall keep and use simplified set of bookkeeping records. <li data-bbox="1024 1245 1495 1476">• Those whose gross quarterly sales, earnings, receipts or output exceed PHP750,000 shall have their books of accounts audited and examined yearly by independent CPAs and their ITRs accompanied with a duly accomplished AIF. | | | | | | |

| Tax Particulars | Current tax rules | Proposed tax reform | | |
|--|--|--|---|---|
| Electronic Receipts (e-receipts) or electronic sales or commercial invoices (e-invoices) | Sec. 237 <ul style="list-style-type: none"> For each sale of merchandise or service rendered valued at PHP25 or more, a receipt or invoice shall be issued, prepared at least in duplicate. | <ul style="list-style-type: none"> E-receipts shall be required and shall contain the following: | | |
| | | <table border="0"> <tr> <td style="border-right: 1px solid black; padding-right: 10px;">For each sale of merchandise or service rendered valued at PHP25 or more</td> <td>E-receipts shall contain the date of the transaction, quantity, unit cost and description of merchandise or nature of service</td> </tr> </table> | For each sale of merchandise or service rendered valued at PHP25 or more | E-receipts shall contain the date of the transaction, quantity, unit cost and description of merchandise or nature of service |
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| <table border="0"> <tr> <td style="border-right: 1px solid black; padding-right: 10px;">For sales, receipts or transfers in the amount of PHP100 or more; or Regardless of amount, where the sale or transfer is made by a person liable to VAT to another person also liable to VAT</td> <td>E-receipts shall also contain the name, business style, address, and the Taxpayer Identification Number of the purchaser</td> </tr> </table> | For sales, receipts or transfers in the amount of PHP100 or more; or Regardless of amount, where the sale or transfer is made by a person liable to VAT to another person also liable to VAT | E-receipts shall also contain the name, business style, address, and the Taxpayer Identification Number of the purchaser | | |
| For sales, receipts or transfers in the amount of PHP100 or more; or Regardless of amount, where the sale or transfer is made by a person liable to VAT to another person also liable to VAT | E-receipts shall also contain the name, business style, address, and the Taxpayer Identification Number of the purchaser | | | |
| <table border="0"> <tr> <td style="border-right: 1px solid black; padding-right: 10px;">Where the e-receipt is issued to cover payment made as rentals, commissions, compensations or fees, e-receipts or e-invoices shall be issued</td> <td></td> </tr> </table> | Where the e-receipt is issued to cover payment made as rentals, commissions, compensations or fees, e-receipts or e-invoices shall be issued | | | |
| Where the e-receipt is issued to cover payment made as rentals, commissions, compensations or fees, e-receipts or e-invoices shall be issued | | | | |
| Electronic Sales Reporting System | No current tax rules on the same | <ul style="list-style-type: none"> The issuance to the buyer of an e-receipt or e-invoice shall be accomplished either electronically or by tendering a printed copy thereof. A digital record or the printed copy of the e-receipt or e-invoice shall be kept by the issuer, purchaser, customer or client in his place of business for a period of 3 years from the close of the taxable year in which the same invoice was issued. The e-receipt or e-invoice shall be transmitted directly to the BIR at the same time and same date of each transaction. The Commissioner may, in meritorious cases, exempt any person from this compliance. <ul style="list-style-type: none"> Taxpayers are required to electronically report their sales data to the BIR's electronic system through CRM/POS machines. The BIR shall establish the system within 3 years from effectivity of the Act. | | |

| Tax Particulars | Current tax rules | Proposed tax reform |
|---|--|---|
| Penalties | <p>Sec. 254 on attempt to evade or defeat tax.</p> <p>Sec. 264 on failure or refusal to issue receipts or sales or commercial invoices, etc.</p> | <ul style="list-style-type: none"> • Increase in penalty for attempt to evade or defeat tax • Addition of printing of other fraudulent receipts or sales or commercial invoices as a violation to the Tax Code • Introduction of new penal provisions for the following: <ul style="list-style-type: none"> a. Failure to transmit sales data entered on CRM/POS machines to the BIR's electronic sales reporting system; b. Purchase, use, possession, sale or offer to sell, installment, transfer, update, upgrade, keeping or maintaining of sales suppression devices; and c. Offenses relating to fuel marking. |
| Earmarking of incremental revenues | No current tax rules on the same | <p><i>Petroleum fund</i></p> <ul style="list-style-type: none"> • For 4 years, 40% of the yearly incremental revenues generated from the proposed petroleum excise tax shall be allocated to fund a social benefit program (e.g., poorest 50% to receive targeted cash transfers, discounts on public utility vehicle fares and medicines, etc.) and grant fuel vouchers to qualified transport franchise holders. • For the same period and succeeding years, the remaining yearly incremental revenues shall be allocated to infrastructure, health, education and social protection expenditures. <p><i>Health promotion fund</i></p> <ul style="list-style-type: none"> • 85% of tax collection shall be allocated for government priority programs • 15% shall fund programs for the welfare and benefit of sugar planters/farmers |