



Comprehensive Tax Reform Program Tax Reform for Acceleration and INclusion (TRAIN) (RA 10963)

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Key messages

- **The tax reform package 1 is an important milestone in our history.**
 - First time a tax reform happened without a crisis and without an external force imposing.
 - First time the main purpose is poverty and inequality reduction, and not deficit and debt reduction.
- **It is the first of five packages that will once and for all correct the structural problems of the tax system that has made it unfair, complex, and inefficient.**
- **Goal: low rate and broad base.**

Key messages

- **Package 1...**
 - Corrects a longstanding inequity of the tax system by reducing income taxes for 99 percent of income taxpayers, thereby giving them the much needed relief after 20 years of non-adjustment.
 - Broadens the consumption tax base.
 - Raises significant revenues (PHP 786 billion over 5 years) to fund the President's priority social and infrastructure programs.
- In Package 1, Congress passed the proposed reform to generate two-thirds of the needed revenue for 2018 and is expected to facilitate the balance early this year to help us achieve our revenue and deficit targets.

Key provisions

Personal income tax

- The first PHP 250,000 of annual taxable income will be exempt from income tax, thus the removal of PE and AE.
- In addition, the first PHP 90,000 of the 13th month pay and other bonuses will be exempt from income tax.
- Furthermore, the effective tax rates will be lowered for 99% taxpayers except the richest with taxable income above PHP 8 million, who will face a tax rate of 35%.

Simplifying the Tax System

We are simplifying the income tax brackets by decreasing it to six (6) brackets. Effective tax rates will be lowered for 99% of taxpayers, except the richest.

Bonuses up to 90,000 are exempt. These include 13th month pay and other benefits such as productivity incentives and Christmas bonus.

Those with an annual taxable income of around ₱500,000 are currently taxed with a 32% rate. With the new brackets, their tax rate will now be reduced to 20% by 2023.

CURRENT TAX SCHEDULE

Annual Taxable Income	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

PIT SCHEDULE 1 (2018-2022)

Annual Taxable Income	Tax Rate	Percent of Taxpayers
0 - 250,000	0%	83%
Over 250,000 - 400,000	20% of the excess over 250,000	8%
Over 400,000 - 800,000	30,000 + 25% of the excess over 400,000	6%
Over 800,000 - 2,000,000	130,000 + 30% of the excess over 800,000	2%
Over 2,000,000 - 8,000,000	490,000 + 32% of the excess over 2,000,000	1%
Over 8,000,000	2,410,000 + 35% of the excess over 8,000,000	0.1%

PIT SCHEDULE 2 (2023 ONWARDS)

Annual Taxable Income	Tax Rate
0 - 250,000	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

The simplified tax system will increase the take-home pay of most individuals thereby putting more money in people's pockets. This will make the system fairer and more equitable.

Impact on Taxpayer's Personal Income



Minimum Wage Earner (Monthly income: PHP 12,488)

- A** Annual basic salary:
PHP **149,856**
- B** 13th month pay:
PHP **12,488**
- C** Mandatory contributions:
PHP **8,711**

Old tax system

Annual income:
A + B **162,344**

Net taxable income: **0**

Exempted from Income Taxation

Tax due: PHP **0**

TRAIN

Annual gross income:
A + B **162,344**

Deductions and exemptions:
B + C **21,199**

Net taxable income: **141,145**

Income bracket: **Over 0 - 250,000 (0%)**

Tax due: PHP **0**

Tax savings: PHP 0

Minimum wage earners continue to be exempt.

Impact on Taxpayer's Personal Income



Clerk IV (Monthly income: PHP 15,368)

- A** Annual basic salary: PHP **184,416**
- B** 13th month pay and other benefits: PHP **40,736**
- C** Mandatory contributions: PHP **22,536**
- D** Personal exemption: PHP **50,000**
- E** Allowance for dependents (two children): PHP **50,000**

Current Tax System

Annual gross income: **A + B** **225,152**
Deductions and exemptions: **B + C + D + E** **163,272**
Net taxable income: **61,880**

Income bracket: Over 30,000 - 70,000
(2,500 + 15% of the excess over 30,000)

Tax due: PHP **7,282**

TRAIN

Annual gross income: **A + B** **225,152**
Deductions and exemptions: **B + C** **63,272**
Net taxable income: **161,880**

Income bracket: Over 0 - 250,000 (0%)

Tax due: PHP **0**

Tax savings: PHP **7,282**

Entry-level workers whose annual income does not exceed ₱250,000 do not have to pay an income tax.



Impact on Taxpayer's Personal Income



Call Center Agent (Monthly income: PHP 21,000)

A Annual basic salary:
PHP **252,000**

B 13th month pay:
PHP **21,000**

C Mandatory contributions:
PHP **11,641**

D Personal exemption:
PHP **50,000**

E Allowance for dependents (two children):
PHP **50,000**

Old tax system

Annual gross income:
A + B **273,000**

Deductions and exemptions:
B + C + D + E **132,641**

Net taxable income: **140,359**

Income bracket: **Over 140,000 to 250,000**
(22,500 + 25% of the excess over 140,000)

Tax due: PHP **22,590**

TRAIN*

Annual gross income:
A + B **273,000**

Deductions and exemptions:
B + C **32,641**

Net taxable income: **240,359**

Income bracket: **Over 0 - 250,000 (0%)**

Tax due: PHP **0**

Tax savings: PHP **22,590**

Computation under TRAIN is based on PIT schedule 1.



Impact on Taxpayer's Personal Income



Medical Specialist III (Monthly income: PHP 56,610)

A Annual basic salary:
PHP **679,320**

B 13th month pay:
PHP **56,610**

C Mandatory contributions:
PHP **68,939**

D Personal exemption:
PHP **50,000**

E Allowance for dependents (two children):
PHP **50,000**

Old tax system

Annual gross income:
A + B **735,930**

Deductions and exemptions:
B + C + D + E **225,549**

Net taxable income: **510,381**

Income bracket: **Over 500,000**
(125,000 + 32% of the excess over 500,000)

Tax due: PHP **128,322**

TRAIN*

Annual gross income:
A + B **735,930**

Deductions and exemptions:
B [THRESHOLD] + C **125,549**

Net taxable income: **610,381**

Income bracket: **Over 400,000 - 800,000**
(30,000 + 25% of the excess over 400,000)

Tax due: PHP **82,595**

Tax savings: PHP **45,727**

*Computation under TRAIN is based on PIT schedule 1.



Personal income tax

- Minimum Wage Earners (MWE) remains exempt from income tax
- Self employed professionals (SEP) now have an option to be taxed 8% flat rate on gross receipts not exceeding Php3M or be taxed on their taxable income using the regular graduated tax rates
- Option of 8% is in lieu of the 3% percentage taxes under Sec 116
- Option for 2nd installment has been moved to Oct 15 from July 15

Transfer Taxes

- **Estate tax** – Lowered from the highest 20% rate to a single rate of 6% for net estate with standard deduction of PHP 5 million to simplify the system as well increase to PHP 10 million for the family home. Filing have been made longer to 1 yr from 6 months, allowed withdrawal of funds but subject to 6% final withholding tax.

Transfer Taxes

- **Donor's tax** – Lowered from the highest 15% rate to a single rate of 6% of net donations above PHP 250,000 yearly. No more 30% donor's tax to strangers

Oil Excise Rates

One of the major provisions of the tax reform is the staggered increase in oil excise. The current rates have been unadjusted since 1997, draining some P145 billion of government revenues annually.

Under TRAIN, rates will be adjusted gradually between 2018 and 2020.

Excise tax on oil products

Pesos per liter	1997 - 2017	2018	2019	2020	2021 onwards
Diesel	Php 0.00	Php 2.50	Php 4.50	Php 6.00	Php 6.00
Gas	Php 4.35	Php 7.00	Php 9.00	Php 10.00	Php 10.00

* The scheduled increase in the the Excise Tax on fuel as impose in this section shall be suspended when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds eighty dollars (USD 80) per barrel.

Indicative pump price

Pesos per liter	Dec 2017	Jan 2018	Jan 2019	Jan 2020
Diesel	32.77	35.57	37.81	39.49
Gasoline	46.85	49.82	52.06	53.18

Price effect of excise on inflation 2018 (maximum effect)

Commodity	Share of CPI (%)	CPI 2016	Share of petroleum products as input (%) ¹	Net impact of excise to prices (%) ^{2,3}				Inflation rate (%) ^{4,5,6}
				Diesel	Gasoline	LPG	Kerosene	
Food	36	163	10	0.9	0.6	0.2	0.9	0.3
Transportation	6	128	30	2.8	1.8	0.5	2.7	0.1
Electricity	7	124	7	0.7	0.4	0.1	0.6	0.0
Others	51	135	6	0.6	0.4%	0.1	0.6	0.3
Total	100	144						0.7

Notes:

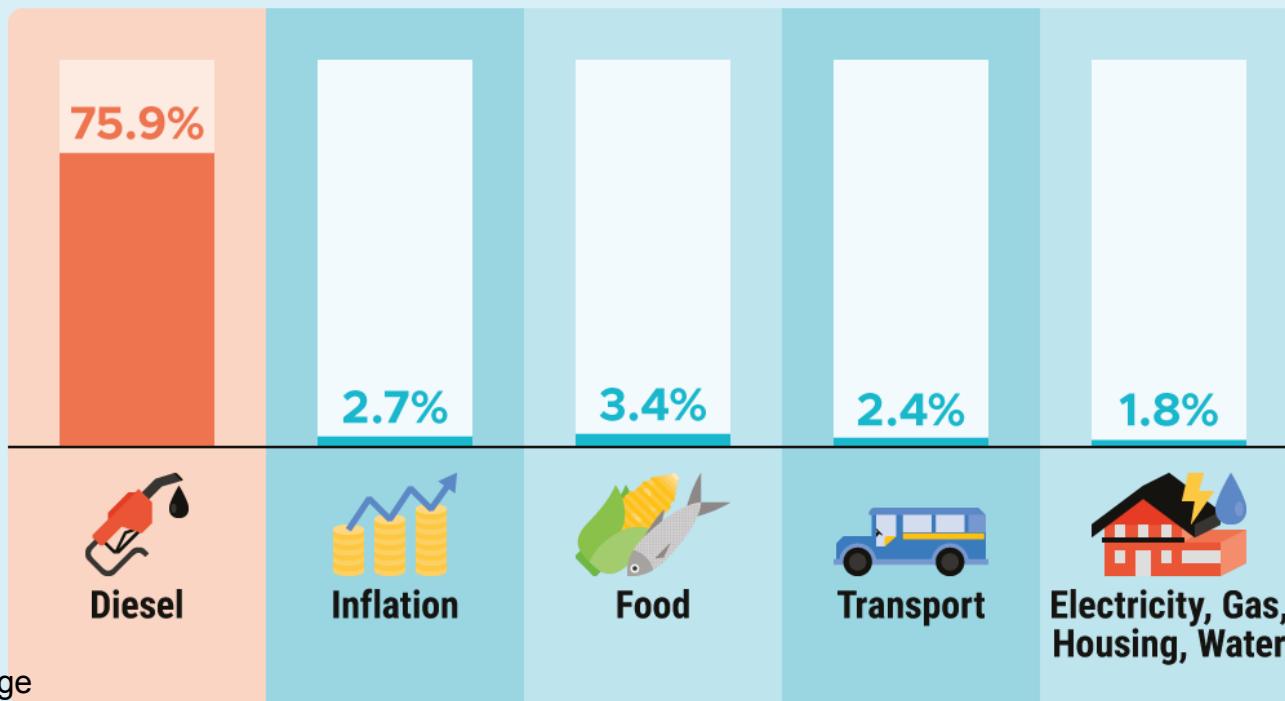
1. Transportation share is the daily average of jeepney and bus operation in Metro Manila based on the National Tax Research Center computation. Electricity share is based on the Department of Energy power statistics.
2. The net impact of the excise is obtained by multiplying the share of oil as input and the price increase as a result of the excise.
3. The increase in the price of the petro products as a result of an increase in excise tax using the petro prices in Metro Manila in 2016
4. Weighted net impact of the increase in excise tax on each commodity computed based on weights below using HECS 2011
5. Overall inflation computed from the weighted average of commodity inflation based on the share of CPI
6. Percentage point on top of the BSP projected inflation.

Lessons from the past

Inflation remains low and stable despite significant increase in diesel prices in 2016

From January 2016 to January 2017, overall inflation was only 2.7% and food inflation was 3.4% compared to the diesel price change which is 75%.

January 2017 year-on-year inflation rates



Sources: PSA, DOE
*January y-o-y change in diesel price
Jan 25-29 2016: 18.25
Jan 29 2017: 32.10

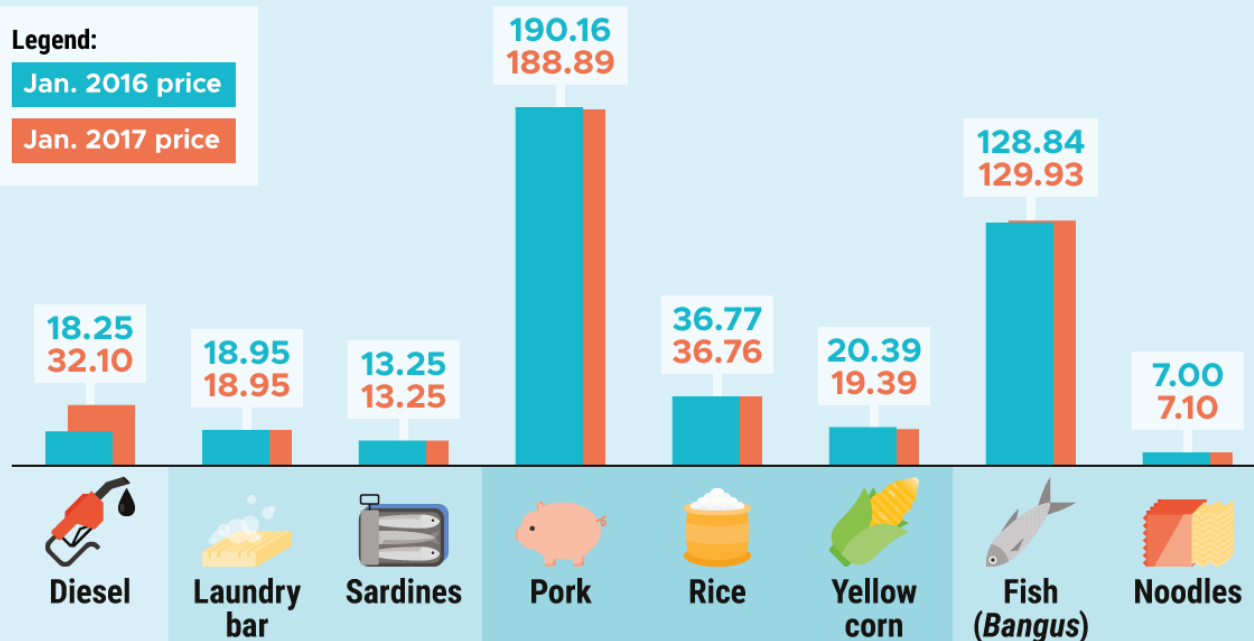
Effect of Oil Excise on Commodities

Retail prices are determined by many factors, not just oil. For instance, from January 2016 to January 2017, diesel price increased by around ₱14, a 75% increase.

Legend:

Jan. 2016 price

Jan. 2017 price



However, prices of most items such as laundry bar and sardines did not increase.

Prices of the most essential food like pork, rice, and corn even fell.

Of the items that increased, price change is minimal.

Sources: Philippine Statistics Authority (PSA), Department of Trade and Industry (DTI), Department of Energy (DOE)



Oil excise mitigating measure

- **Cash transfer**

- The poorest 10 million households will receive cash transfers of PHP 200 per month in 2018 and PHP 300 per month in 2019 and 2020.
- The amount is enough to offset the moderate but temporary increase in prices.
- DSWD to implement based on Listahanan, Pantawid Pamilyang Pilipino Program, and social pension beneficiaries as base.
- 2018 budget: PHP 24 billion + admin cost 7% = PHP 25.7 billion
- 2019 budget: PHP 36 billion + admin cost 7% = PHP 38.5 billion
- 2020 budget: PHP 36 billion + admin cost 7% = PHP 38.5 billion

Coal excise tax

- **Coal excise tax**
 - Increase the rate from PHP 10 per metric ton to PHP 50, PHP 100, and PHP 150, respectively, in 2018, 2019, and 2020, covering both domestic and imported coal.
 - Domestic coal remains VAT exempt.

Impact on electricity

Estimated monthly increase in cost at 100 kWh monthly consumption level, various cases

All figures in PHP	kWh consumption	Current cost per kWh	Current total cost	Additional cost						Estimated new total cost	Percent increase
				Generation		Transmission	Distribution	UCME	Total		
				Coal	Diesel/Bunker						
Grid (Meralco)	100	7.80	780.00	2.00	4.40	8.18	0.00	0.38	14.96	794.96	1.92
Grid (non-Meralco, NEA)	100	8.80	880.00	2.00	4.40	5.91	0.00	0.38	12.69	892.69	1.44
Grid (non-Meralco, CDA)	100	8.80	880.00	2.00	4.40	5.91	7.18	0.38	19.87	899.87	2.26
SPUG (NEA, coal powered)	100	11.30	1130.00	4.00	0.00	0.00	0.00	0.38	4.38	1134.38	0.39
SPUG (CDA, coal powered)	100	11.30	1130.00	4.00	0.00	0.00	10.17	0.38	14.55	1144.55	1.29
SPUG (NEA, diesel/bunker powered, full pass-through)	100	11.30	1130.00	0.00	71.00	0.00	0.00	0.00	71.00	1201.00	6.28
SPUG (CDA, diesel/bunker powered, full pass-through)	100	11.30	1130.00	0.00	71.00	0.00	10.17	0.00	81.17	1211.17	7.18
SPUG (NEA, diesel/bunker powered, subsidized)	100	11.30	1130.00	0.00	0.00	0.00	0.00	0.38	0.38	1130.38	0.03
SPUG (CDA, diesel/bunker powered, subsidized)	100	11.30	1130.00	0.00	0.00	0.00	10.17	0.38	10.55	1140.55	0.93

Sources: DOE, Kuryente.org, and DOF staff estimates

Notes: Estimates are based on the following assumptions:

- i) An additional PHP 2.50 per liter increase in the excise tax of diesel and bunker fuel.
- ii) An average increase to PHP 100 in excise tax per MT of coal.
- iii) Removal of VAT exemptions on transmission charges and CDA-registered cooperatives.

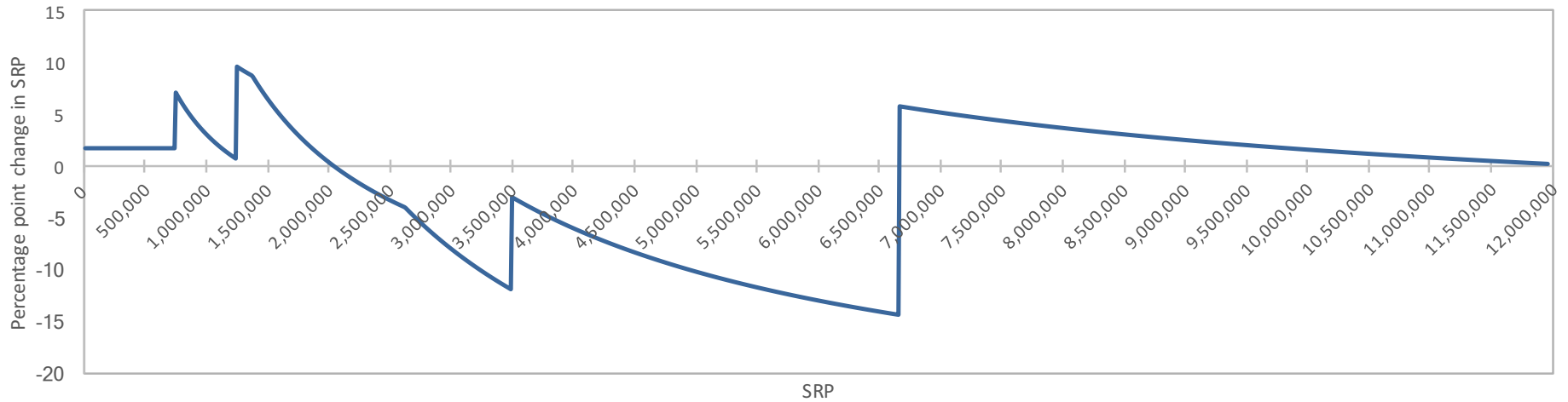
Auto excise

- Adjustment of tax rates based on net manufacturing or importer's price.
- **Pick-ups** and **purely electric vehicles** will be fully exempt; while hybrid cars will be taxed at half the rate of the equivalent automobile.

Price range	Rates
PHP 600,000 below	4%
Over PHP 600,000 to PHP 1,000,000	10%
Over PHP 1,000,000 to PHP 4,000,000	20%
PHP 4,000,000 above	50%

Auto excise

Percentage point change in suggested retail price (SRP) versus SRP



Note: Looks like a Christmas tree.

Sweetened beverages

Excise Tax on Sugar-Sweetened Beverages (SSB)

The tax on SSBs is a health measure meant to discourage the consumption of sugar-sweetened beverages due to their high-sugar content, while encouraging industry players to develop healthier product alternatives.

SSB EXCISE TAX



P6 per liter of volume capacity for SSBs using purely caloric, and purely non-caloric, or a mix of both

P12 per liter of volume capacity for others using purely HFCS or in combination w/ any caloric or non-caloric sweeteners

Products covered by SSB excise tax under TRAIN:



Sweetened juice drinks



Sweetened tea

Other beverages:

All carbonated beverages with added sugar, including those with caloric and non-caloric sweeteners



Flavored water



Energy drinks



Sports drinks

Other powdered drinks not classified as milk.

Cereal and other grain beverages

Other non-alcoholic beverages that contain added sugar

KEY EXEMPTIONS: 3-in-1 coffee, milk, 100% natural juice



Value added tax

- Repeal of **54** out of **61** special laws with non-essential VAT exemptions, thereby making the VAT system fairer.
 - Exceptions in tax code: cooperatives (except electric coops), and condo and association dues. VAT on medicines for diabetes, high cholesterol, and hypertension exempted starting 2019.
 - Exceptions in special laws: PAGCOR and casino, domestic coal, renewable energy, credit surety, countryside barangay business enterprise, mini-hydro, and tourism.
- Purchases of senior citizens and people with disability continue to be exempted from the VAT.
- **For the average Filipino, this will not have an impact as the VAT exemption removal will only affect groups enjoying exemptions.**

Other taxes: excises

- **Mining excise tax** – double the rates from 2% to 4%.
- **Cosmetic excise tax** – a new tax at 5% of gross receipts.
- **Tobacco excise tax** – increase the rate from PHP 31.2 per pack in 2018 to
 - PHP 32.5 between January to June 2018,
 - PHP 35 per pack from July 2018 to December 2019,
 - PHP 37.5 per pack in 2020 and 2021, and
 - PHP 40 per pack in 2022 and 2023, followed by annual indexation of 4%.

Other taxes: financial taxes

- **Documentary stamp tax** – 100% increase except for loans (50%), and property, savings, non-life insurance and conveyances of real property (no change), new is DST on donations of real properties.
- **Foreign currency deposit unit (FCDU)** – increased from 7.5% to 15% final tax on interest income.
- **Capital gains of non-traded stock** – increased from 5-10% to 15% final tax on net gains.
- **Stock transaction tax** – Increase from 0.5% to 0.6% of the transaction value.

Tax administration measures

- 1. Mandatory fuel marking and metering.**
 - BOC to submit MOA with PS to DBM.
 - Award in March 2018.
- 2. Mandatory e-invoicing, e-sales reporting, and connectivity.**
 - For exporters
 - For those into e-commerce
 - For large taxpayers at the LTS
- 3. Mandatory max of 4 page for income tax return.**
- 4. 90 day processing of VAT Cash Refunds**
- 5. Simplification of business registration**

Earmarking

- **70% to fund infrastructure projects such as, but not limited to:**
 - Build, Build, Build Program and provide infrastructure programs to address congestion through mass transport and new road networks,
 - Military infrastructure,
 - Sports facilities for public schools, and
 - Potable drinking water supply in all public places;

Earmarking

- **30% to fund social services:**
 - Programs for sugar farmers to increase productivity, provide livelihood opportunities, develop alternative farming systems, and enhance farmer's income.
 - Social mitigating measures and investments in education, health, social protection, employment, and housing for poor and near-poor households.
 - Unconditional cash transfer to the poorest 10 million households.

Earmarking

- **30% to fund social services:**
 - Social benefits card (national ID) to determine qualified beneficiaries
 - Fuel vouchers to qualified franchise holders of Public Utility Jeepneys (PUJs)
 - Fare discount from all public utility vehicles in the amount equivalent to ten percent (10%) of the authorized fare;
 - Discounted purchase of National Food Authority (NFA) rice from accredited retail stores
 - Free skills training under a program implemented by the Technical Skills and Development Authority (TESDA).

Vetoed items in RA 10963

- Reduced income tax rate of employees of regional headquarters, regional operating headquarters (ROHQ).
- Zero-rating of sales of goods and services to separate customs territory and tourism enterprise zones.
- Exemption of various petroleum products from excise tax when used as input, feedstock, raw material, refining of petroleum products, or as replacement fuel.
- Exemption from percentage tax of gross sales/receipts not exceeding five hundred thousand pesos (P500,000).
- Earmarking of incremental tobacco taxes following RA 7171.

Package 1B in Q1 2018

1. Estate tax amnesty
2. General amnesty
3. Motor vehicle user tax
4. Relaxation of bank secrecy and automatic exchange of information

Revenue and deficit impact

5-year summary with veto

Provisions	RA 10963					
	2018	2019	2020	2021	2022	Total
Personal income tax	-146.6	-161.0	-177.1	-195.0	-214.4	-894.2
Corporate income tax (PCSO)	0.5	0.5	0.6	0.7	0.7	3.0
Estate tax	-2.1	-2.1	-2.1	-2.1	-2.1	-10.5
Donors' tax	-1.7	-1.8	-2.0	-2.2	-2.4	-10.0
VAT	39.2	48.7	58.1	58.4	45.8	250.3
Oil excise	60.2	101.8	131.9	134.4	136.6	564.8
Automobile excise	14.4	15.3	16.2	17.2	18.2	81.3
Sugar-sweetened beverage tax	54.5	58.2	61.5	65.1	68.8	308.1
Tax administration	26.6	35.0	42.3	50.7	60.4	215.1
Others	44.9	49.6	58.2	59.5	66.3	278.5
Subtotal (tax policy)	63.3	109.2	145.4	136.0	117.4	571.3
Subtotal (legislated tax admin)	26.6	35.0	42.3	50.7	60.4	215.1
Total (tax policy and admin)	89.9	144.2	187.7	186.8	177.8	786.4
<i>Total as percent of GDP</i>	0.5	0.8	0.9	0.8	0.7	NA
<i>Deficit</i>	3.3	3.5	3.5	3.4	3.4	NA
Package 1B	38.9	30.9	34.0	37.5	41.4	182.7
Subtotal (additional revenues)	38.9	30.9	34.0	37.5	41.4	182.7
Grand total	128.8	175.1	221.7	224.3	219.2	969.2
<i>Total as percent of GDP</i>	0.7	0.9	1.1	1.0	0.9	NA
<i>Deficit</i>	3.0	3.4	3.3	3.2	3.3	NA

The tax reform can fund the following over 5-years:

- 629,120 public school classrooms, or
- 2,685,101 public school teachers, or
- 60,483 rural health units, or
- 484,326 barangay health stations, or
- 1,324 provincial hospitals, or
- 35,745 km of paved roads, or
- 786,400 km of temporary bridge upgrades, or
- 2,665,763 hectares of irrigated land.

Implications

- Package 1B crucial to keep the 3% of GDP deficit target.
- For 2019 to 2022, Packages 2-5 crucial for meeting the 3% of GDP deficit target.
- If Congress does not pass sufficient tax reform, either the deficit will be breached or spending needs to be cut.

Next steps...

- **Package 2 (January 16, 2018)**
 - Corporate income tax reform and fiscal incentives
- **Rice tariffication (Submitted in 2017 by NEDA)**
- **Package 2+ (January 31, 2018)**
 - Remove VAT exemption of coal and casino
 - Increase in the alcohol, tobacco, and mining tax
- **Package 3 (July 2018)**
 - Property taxation
- **Package 4 (July 2018)**
 - Passive income and financial taxes

... updates from
the Bureau of Internal Revenue

Effectivity of TRAIN (RA 10963)

JANUARY 1, 2018

**(transactions starting
Jan 1, 2018)**

BIR Issuances on TRAIN

REVENUE REGULATIONS		
RR on Automobile Excise Tax (RR 5-2018)	To reflect the increase in excise tax rates; Hybrid vehicles and purely electric vehicles	Published in the Manila Bulletin, January 18,2018
RR on Documentary Stamp Tax (RR 4-2018)	To reflect the double the rate increase in DST; DST on donation of real properties	Published in the Manila Bulletin, January 18,2018
RR on Tobacco Excise Tax (RR 3-2018)	To reflect increase in excise tax rates on tobacco products	Published in the Manila Bulletin, January 18,2018
RR on Petroleum Excise Tax (RR 2-2018)	To reflect increase in excise tax rates on petroleum products; now includes diesel, LPG, bunker fuel oil....	Published in the Manila Bulletin, January 26,2018
RR on Mineral Products Excise Tax (RR 1-2018)	To reflect increase in excise tax rates on mineral products	Published in the Manila Bulletin, January 18,2018

BIR Issuances on TRAIN

REVENUE MEMORANDUM CIRCULARS

RMC No. 4-2018 Provides the transition procedures for all eFPS filers in the filing of tax return affected by the revised Excise Tax rates on cigars and cigarettes, petroleum products, automobiles, non-essential services (invasive cosmetics procedures), sweetened beverages and mineral products pursuant to RA No. 10963 (TRAIN Law)	Issued on January 11, 2018
RMC No. 3-2018 Provides the transition procedures for all taxpayers affected by the revised tax rates on Documentary Stamp Tax pursuant to the provisions of RA No. 10963 (TRAIN Law)	Issued on January 9, 2018
RMC No. 2-2018 Prescribes the transition procedures for all taxpayers filing tax returns affected by the revised tax rates pursuant to the provisions of RA No. 10963 (TRAIN Law)	Issued on January 8, 2018

BIR Issuances on TRAIN

REVENUE MEMORANDUM CIRCULARS

RMC No. 1-2018 Prescribes the procedures on the use of Withholding Tax Table on Compensation Income and advises on the change of Creditable Withholding Tax Rate on certain income payments to individuals	Issued on January 14, 2018
RMC No. 105-2017 Prescribes the Revised Withholding Table on Compensation pursuant to the amendments to the NIRC of 1997 introduced by RA 10963 (TRAIN Law)	Issued on December 29, 2017

REVENUE MEMORANDUM ORDERS

RMO No. 1-2018 Creating the ATC Codes for Sweetened Beverage	Issued on 1-8-2018
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BIR FORMS

BIR Form 2200-S Excise Tax Return for Sweetened Beverages	Downloadable for manual filing
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BIR Issuances on TRAIN

OPERATIONS MEMORANDUM

OM No. 2018-01-01 Taxpayers subject to Excise Tax and using eFPS are mandated to e-file and e-pay the corresponding Excise Taxes due on removals, effective January 1, 2018.	Dated January 3, 2018
OM No. 2018-01-02 Advisory on withholding of Final Tax of 6% on amounts withdrawn from decedent's deposit account.	Dated January 3, 2018
OM No. 2017-12-06 Payment Form for Excise Tax due on sweetened beverages.	Dated December 28, 2017

BIR Issuances on TRAIN

BIR ADVISORIES	
Advisory on withholding tax on compensation for employee of RHQ, ROHQ, OBU and Petroleum Companies	Issued January 31, 2018
Advisory to remit withholding taxes monthly (0605) while filing of withholding tax at source will be quarterly (1601EQ)	Issued January 31, 2018
Advisory continued processing of VAT Zero-rating for effectively zero-rated transactions	Issued January 15, 2018
Advisory on purely self-employed individuals and/or professional who are VAT-registered taxpayers and whose gross sales/receipts and other non-operating income do not exceed the new VAT threshold of Php3M	Issued January 17, 2018
Advisory on dedicated e-mail account for attachment to Excise Tax Return BIR Form No. 2200-S (for sweetened beverages) and BIR Form No. 1620-XC (for cosmetic procedures).	Dated January 5, 2018
Advisory to all eDST System Users.	Dated December 28, 2017

BIR Issuances on TRAIN

REVENUE REGULATIONS	
RR on Income Tax	Public consultation held on 1-11-18; For pre-clearing with DOF and finalization
RR on Withholding Taxes (Amending RR 2-98)	Finalizing draft.
RR on Value Added Tax (VAT)	Public consultation held on 1-11-18; For pre-clearing with DOF.
RR on Estate & Donor's Tax	Pre-cleared. Finalizing draft.
RR on Cosmetic Procedures Excise Tax	Public consultation held on 1-12-18; Finalizing drafts.
RR on Sweetened Beverage Excise Tax	Public consultation held on 1-11-18; Finalizing drafts.
RR on Adjustment of the Rate of Stock Transaction Tax	For transmittal to the DOF.

BIR Issuances on TRAIN

REVENUE MEMORANDUM ORDERS

Revenue Memorandum Order on the Enhanced VAT refund System	Finalizing drafts
RMCs, RMOs or Advisories	As the need arises

www.bir.gov.ph

TRAIN



Tax Reform for Acceleration & Inclusion

(Per Republic Act No. 10963)



Open Data Philippines

- Data.Gov.PH



To access eFPS



To download Offline eBIRForms Package v6.3



To access ePayment channels of AABs

TRAIN Issuances & Advisories

Adjustment of Rates on Excise Tax on Automobiles. [RR 5-2018](#)

Documentary Stamp Tax Rate Adjustment. [RR 4-2018](#)

Revised Tax Rates on Tobacco Products. [RR 3-2018](#)

Revised Tax Rates on Petroleum Products. [RR 2-2018](#)

Revised Tax Rates on Mineral Products. [RR 1-2018](#)

Advisory for purely self-employed individuals and/or professionals who are VAT-registered taxpayers and whose gross sales/receipts and other non-operating income do not exceed the new VAT threshold of P 3,000,000 in the preceding year. [Advisory](#)

Proposed Revenue Regulations on the Tax Reform for Acceleration and Inclusion (TRAIN) Act. [Proposed RR-Income Tax/Proposed RR-VAT/Proposed RR-Sweetened Beverages/Proposed RR-Cosmetic Procedures](#)

Transitory guidelines relative to the implementation of TRAIN Law governing Excise Tax on petroleum products, automobiles and sweetened beverages, pending the issuance of the Implementing Rules and Regulations. [OM2018-01-03/Annex A/Annex B1/Annex B2/Annex B3/Annex C1/Annex C2/Annex C3/Annex D](#)

Tax Reminders

**January 31
Wednesday**

Sworn Statement by every lessee, concessionaire, owner or operator of mines or quarry, processor of minerals, producers or manufacturer of mineral products

[more...](#)




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TRAIN



Tax Reform for Acceleration & Inclusion
(Per Republic Act No. 10963)



I PAY MY TAXES RIGHT
ALL OR NONE OR...

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TRAIN Act

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Revenue Issuances

Revenue Regulations

No. of Issuance	Subject Matter	Date of Issue
RR No. 5-2018	Implements the adjustment of rates on Excise Tax on Automobiles pursuant to the provisions of RA No.	January 15, 2018

Tax Reminders

**January 31
Wednesday**

Sworn Statement by every lessee, concessionaire, owner or operator of mines or quarry, processor of minerals, producers or manufacturer of mineral products

[more...](#)



BIR Tax Calendar 18
Your guide to tax compliance.

Other Clarifications

- Compensation Earners
 - Minimum Wage Earners (MWE)
 - Non-MWEs
- Self Employed / Professionals (SEPs)
 - Marginal Income Earners
 - Job Orders / Contract of Service
 - Not Employee
 - Professionals
 - Non-professionals

Other Clarifications

- Options for SEPs
 - Regular rate / 40% OSD / 3% percentage tax or 12% VAT
 - Regular rate / itemized deduction / 3% percentage tax or 12% VAT
 - 8% flat rate / no percentage tax (if covered by Sec 116) / NO option for VAT registration



TAX ADVISORY



VAT-Registered Self-Employed Individuals and/or Professionals

With gross sales or receipts and other non-operating income not exceeding P3,000,000 VAT threshold in the preceding year

OPTIONS

Graduated rates under Section 24(A)(2)(a) of the Tax Code

VAT to Percentage Tax

8% tax on gross sales or receipts and other non-operating income in excess of P250,000 in lieu of the graduated income tax rates under section 24(A) and percentage tax under Section 116, all under the Tax Code, as amended.

HOW AND WHEN



File the properly filled-up BIR Form 1905 (Update of Registration)

ON OR BEFORE

March 31, 2018



Other Clarification

- Purely SEP vs. Mixed Income Earner (on the 250,000 exemption)
- Breach of 3M threshold after election of 8% option
- Option to elect OSD (for GPP and its partners)
- Filing of Income Tax Returns



TAX ADVISORY



Deadline for the filing of Income Tax Return (ITR)



BIR form **1700 and 1701**

(Annual income tax return)

DEADLINE

April 15

for **taxable year 2017** and
succeeding taxable years



BIR form **1701Q**

(**First** quarterly income tax return)

DEADLINE

May 15

starting **taxable year 2018** and
succeeding taxable years



For issuance of advisories or RMCs

- Withholding tax (WC WE and WF) remittance will be done on a monthly basis
- Filing of return of WC (still monthly), WE and WF (now quarterly)
- Filing of Percentage Taxes (now quarterly)
- Revisit rule on withholding 3% Percentage Tax and Withholding VAT on SEPs
- Redesigned forms
- Revised 2018 calendar

OTHER TRAIN REQUIREMENTS

Enhanced VAT Refund System

- Re-engineer processes to ensure 90-day mandate.
- Establish stronger ties with BOC and DBM to ensure 90-days refund are complied with.
- **UPDATE:** The VAT IRR/RR Group is drafting the revenue memorandum order to implement the 90-day processing of VAT Refunds. Consultations between DOF, DBM, BOC and BIR are also being conducted.

Fuel Marking

- Procuring of technology
- Cooperation with the Bureau of Customs
- Capacity trainings
- **UPDATE:** A draft Department Order outlining the functions of the offices involved is being finalized. Procurement will begin before the month ends. BOC will award the contract to the winning provider before the second quarter of 2018, and we expect implementation to begin within the second half of 2018. BIR and BOC will issue their respective regulations on the marking, testing and enforcement details for refined and imported fuel, respectively.

Major IT Enhancements

- Reflecting new rates in existing eFPS and eBIR Forms.
- Procuring systems for E-Receipts and E-Sales Reporting.
- Establishing inter-connectivity for transmission of data.
- Upgrading and re-engineering our systems to with the demands of the E-Receipts and E-Sales Reporting systems.
- Enhancement of Data Security
- **UPDATE:** The Information Systems Group and the Operations Group along with the DOF are formulating the workplan for implementing the E-Receipts and E-Sales Systems. Target date of implementation January 2019.



*Tax reform is about **INVESTING**
in our country's **FUTURE**.*

Let's be partners for change!

For more information, please visit:



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dof.gov.ph/taxreform

For questions, you may directly email us at:

doftaxreform@dof.gov.ph

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For more information, please visit:



@birgovph



@birgovph

For questions, you may directly email us at:

contact_us@bir.gov.ph

ecomplaint@bir.gov.ph

train@bir.gov.ph

A young girl with long dark hair, wearing a pink shirt, is smiling warmly while holding a baby. The baby is wearing a light-colored sleeveless top and looking towards the camera. The background is slightly blurred, showing what appears to be a wooden structure. A semi-transparent pink banner is overlaid across the middle of the image, containing the text.

This administration can make a lasting difference in each Filipino's life.

THANK YOU!