



DEPARTMENT OF FINANCE  
**NATIONAL TAX RESEARCH CENTER**  
REPUBLIC OF THE PHILIPPINES



**TAX CHANGES  
YOU NEED TO KNOW**

# **REPUBLIC ACT NO. 10963**

**TAX REFORM FOR ACCELERATION AND INCLUSION  
(TRAIN)**




**MARCH 2018**

# **PREFACE**

On December 19, 2017, President Rodrigo R. Duterte signed into law Package 1 of the Comprehensive Tax Reform Program (CTRP) also known as the Tax Reform for Acceleration and Inclusion (TRAIN) as Republic Act (RA) No. 10963. The Law took effect on January 1, 2018.

The TRAIN aims to make the Philippine Tax System simpler, fairer, and more efficient to promote investments, create jobs and reduce poverty. Along with this objective, the CTRP also aims to raise revenues that will fund the President's Build, Build, Build Project that will sustain high and inclusive growth of the country; and finance investments in our people through enhanced education, health and social services.

To help inform the public about the changes in the tax system, this booklet presents the highlights of RA 10963 which includes amendments to several provisions of the National Internal Revenue Code of 1997 on personal income taxation, passive income for both individuals and corporations, estate tax, donor's tax, value-added tax (VAT), excise tax, documentary stamp tax (DST), and tax administration, among others. It likewise introduced new taxes such as the excise tax on cosmetic surgery and sugar-sweetened beverages.

  
**TRINIDAD A. RODRIGUEZ**  
Executive Director



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## CHANGE IN THE TAX SCHEDULE

RA 10963 restructures the personal income tax (PIT) schedule, with separate schedules for compensation income earners (CIEs), purely self-employed individuals and/or professionals (SEPs) whose gross sales or gross receipts and other non-operating income do not exceed the Value-Added Tax (VAT) threshold of P3 million and mixed income earners.

### OLD TAX SCHEDULE

#### For Compensation Income Earners & Self-employed and Professionals

Net Taxable Income		Tax Rate
Over	But not over	
	10,000	5%
10,000	30,000	500 + 10% of excess over 10,000
30,000	70,000	2,500 + 15% of excess over 30,000
70,000	140,000	8,500 + 20% of excess over 70,000
140,000	250,000	22,500 + 25% of excess over 140,000
250,000	500,000	50,000 + 30% of excess over 250,000
500,000		125,000 + 32% of excess over 500,000

### NEW TAX SCHEDULE

Effective January 1, 2018

Net Taxable Income		Tax Rate
Over	But not over	
	250,000	0%
250,000	400,000	20% of excess over 250,000
400,000	800,000	30,000 + 25% of excess over 400,000
800,000	2,000,000	130,000 + 30% of excess over 800,000
2,000,000	8,000,000	490,000 + 32% of excess over 2,000,000
8,000,000		2,410,000 + 35% of excess over 8,000,000

For Compensation  
Income Earners

Effective January 1, 2023 and Onwards

Net Taxable Income		Tax Rate
Over	But not over	
	250,000	0%
250,000	400,000	15% of excess over 250,000
400,000	800,000	22,500 + 20% of excess over 400,000
800,000	2,000,000	102,500 + 25% of excess over 800,000
2,000,000	8,000,000	402,500 + 30% of excess over 2,000,000
8,000,000		2,202,500 + 35% of excess over 8,000,000

For Self-employed  
and Professionals

Effective January 1, 2018

Gross Sales/Receipts	Tax Rate
Not exceeding P3 million	<b>Option 1:</b> Regular PIT Rates or <b>Option 2:</b> 8% of gross sales/receipts in excess of P250,000*
Above P3 million	Regular PIT Rates

\* This is in lieu of income and percentage tax.





Effective January 1, 2018

For Mixed Income Earners

Type of Income	Tax Rate
<b>Compensation Income</b>	Regular PIT rates
<b>Income from business or practice of profession:</b>	
a. Gross sales/receipts not exceeding P3 million	<b>Option 1:</b> Regular PIT Rates or <b>Option 2:</b> 8% of gross sales/receipts*
b. Gross sales/receipts above P3 million	Regular PIT Rates

\* This is in lieu of income and percentage tax.

**OTHER REFORMS**

- ✓ Reduces the number of tax brackets from 7 to 6;
- ✓ Exempts the first P250,000 annual taxable income of taxpayers;
- ✓ Sets the highest amount of taxable income at more than P8 million and subjects it to a higher marginal rate of 35%;
- ✓ Repeals the provision on basic personal and additional exemptions and premiums paid on health and/or hospitalization insurance which are deemed integrated into the P250,000 exempt threshold;
- ✓ Retains the income tax exemption of minimum wage earners;
- ✓ Retains the exemption from tax of de minimis benefits as well as the non-taxability of mandatory contributions such as those made to the GSIS, SSS, PhilHealth, Pag-IBIG Fund and union dues;
- ✓ Increases the amount of tax-exempt benefits ceiling (13th month pay and other benefits) from P82,000 to P90,000;
- ✓ Imposes a 20% final tax on PCSO and lotto winnings exceeding P10,000;
- ✓ Removes the preferential tax rate of 15% for employees of regional or area headquarters, regional operating headquarters, offshore banking units and petroleum service contractors and subcontractors;
- ✓ Increases the fringe benefits tax (FBT) rate from 32% to 35%; and
- ✓ Inserts a provision that the Optional Standard Deduction by a general professional partnership (GPP) may only be availed once, either by the GPP or the partners comprising such partnership.



# CHANGES ON ESTATE TAX

## UNDER RA 10963 OR THE TRAIN LAW



### CHANGE IN TAX RATE

RA 10963 simplifies the estate tax schedule, from a six-bracket schedule with rates ranging from 5% to 20%, to a single rate of 6% based on the value of net estate:

#### OLD TAX SCHEDULE

Net Estate Bracket		Tax Rate
Over	But not over	
	200,000	Exempt
200,000	500,000	5% of excess over 200,000
500,000	2,000,000	15,000 + 8% of excess over 500,000
2,000,000	5,000,000	135,000 + 11% of excess over 2,000,000
5,000,000	10,000,000	465,000 + 15% of excess over 5,000,000
10,000,000		1,215,000 + 20% of excess over 10,000,000



#### NEW TAX RATE

Tax Base	Tax Rate
Value of Net Estate*	6%

\*Value of Net Estate = Value of gross estate less allowable deductions

### OTHER CHANGES

#### ON THE COMPUTATION OF ESTATE TAX:



Removes the deductions from gross estate pertaining to actual funeral expenses or 5% of the gross estate, whichever is lower; judicial expenses; and medical expenses but increased the amount of standard deduction from P1 million to P5 million;



Increases the amount of deduction for family home from up to P1 million to up to P10 million and removes the *sine qua non* condition for the exemption or deduction, that the family home must have been the decedent's family home as certified by the barangay captain of the locality;



Removes the deductions for nonresident estates pertaining to expenses, losses, indebtedness, and taxes but provides for a standard deduction amounting to PhP500,000;



Deletes the provision that requires executor, administrator or anyone of the heirs to include in the estate tax return that part of the nonresident alien's gross estate not situated in the Philippines to be able to claim deductions;



Increases the amount of gross value of estate provided in estate tax returns that requires to be supported with a statement duly certified by a Certified Public Accountant (CPA) from P2 million to P5 million.



# CHANGES ON ESTATE TAX

## UNDER RA 10963 OR THE TRAIN LAW



### OTHER CHANGES

#### ON ADMINISTRATIVE PROCEDURES:



##### *Filing of Notice of Death*

Repeals the provision requiring the filing of notice of death of the decedent by his/her executor, administrator or any of the legal heirs within two (2) months after the decedent's death.



##### *Deadline of Filing*

Extends the period within which the estate tax return should be filed, from 6 months to 1 year from the decedent's death.



##### *Payment on Installment Basis*

Provides for the payment by installment basis in case available cash is insufficient to pay the estate tax due. Payment shall be allowed within 2 years from the statutory date for its payment without civil penalty and interest.



##### *Withdrawal Limit*

Removes the P20,000 limit that may be withdrawn from the bank account of the decedent without certification from the BIR and allows for the withdrawal of any amount but subject to a final withholding tax of 6%.





# CHANGES ON DONOR'S TAX

## UNDER RA 10963 OR THE TRAIN LAW

### CHANGE IN TAX RATE

RA 10963 simplifies the donor's tax schedule from an eight-bracket schedule with rates ranging from 2% to 15% to a single rate of 6% of total gifts in excess of P250,000. The 6% tax rate likewise applies if the donee is a stranger.

#### OLD TAX SCHEDULE

(a) If donee is a relative:

Net Gifts Bracket		Tax Rate
Over	But not over	
	100,000	Exempt
100,000	200,000	2% of excess over 100,000
200,000	500,000	2,000 + 4% of excess over 200,000
500,000	1,000,000	14,000 + 6% of excess over 500,000
1,000,000	3,000,000	44,000 + 8% of excess over 1,000,000
3,000,000	5,000,000	204,000 + 10% of excess over 3,000,000
5,000,000	10,000,000	404,000 + 12% of excess over 5,000,000
10,000,000		1,004,000 + 15% of excess over 10,000,000

#### NEW TAX RATE

Tax Base	Tax Rate
Total gifts not exceeding 250,000	Exempt
In excess of 250,000	6%

\* Uniform tax rate for donations to relatives or strangers

(b) If donee is a stranger: 30% of the net gifts

### OTHER CHANGES

**i**

Inserts an additional provision under Section 100 of the NIRC of 1997, as amended, which provides that a bona fide, at arm's length and donative-intent free sale, exchange or other transfer of property made in the ordinary course of business shall be considered as made for an adequate and full consideration in money or money's worth and is therefore not subject to the donor's tax.

**i**

Deletes the provision exempting from the donor's tax dowries or gifts made by parents to each of their legitimate, recognized natural, or adopted children on account of marriage.



# CHANGES ON **VALUE-ADDED TAX (VAT)** UNDER RA 10963 OR THE TRAIN LAW

## BROADENING THE VAT BASE



Special Laws

RA 10963 repeals 54 provisions on VAT exemption and zero-rating under special laws to broaden the VAT base



It also includes electric cooperatives in the definition of sale or exchange of services subject to VAT

## WITHDRAWAL OF ZERO-RATED TRANSACTIONS

RA 10963 removes foreign currency denominated sales from VAT zero-rating and subjects to the VAT indirect exporters and agents only upon the establishment and implementation of an enhanced VAT refund system.



Foreign Currency  
Denominated  
Sales



Indirect Exporters  
and Agents

## RETENTION OF VAT EXEMPTIONS

RA 10963 retains the VAT-exempt status of the following:



Raw Agricultural &  
Marine Products



Educational  
Services



Senior Citizens



Health Services



Cooperatives



Persons with  
Disabilities



# CHANGES ON **VALUE-ADDED TAX (VAT)** UNDER RA 10963 OR THE TRAIN LAW

## INCLUSION TO VAT-EXEMPT TRANSACTIONS

RA 10963 includes the following transactions to the list of VAT exempt transactions under Section 109 of the NIRC of 1997:



Sale of gold to the Bangko Sentral ng Pilipinas (BSP)



Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension, beginning January 1, 2019



Association dues, membership fees, and other assessments and charges collected by homeowners' associations and condominium corporations



Transfer of property in pursuance of a plan of merger or consolidation

## ADJUSTMENTS TO VAT-EXEMPT THRESHOLDS



Increases the VAT-exempt threshold from P1,919,500 to P3 million which is to be adjusted to inflation not later than January 31, 2021 and every 3 years thereafter.



Increases the present VAT-exempt threshold on lease of residential unit with a monthly rental of P12,800 to P15,000.



Reduces the VAT-exempt threshold from P3,199,200 to P2,000,000 on sale of house and lot and other residential dwellings beginning January 1, 2021.



# CHANGES ON EXCISE TAX ON AUTOMOBILES

## UNDER RA 10963 OR THE TRAIN LAW

RA 10963 restructures the tax schedule on the excise tax on automobiles by imposing ad valorem tax rates that are directly applied to the net manufacturer's price/importer's selling price instead of imposing marginal tax rates, as follows:

### OLD TAX SCHEDULE

Net Manufacturer's Price/ Importer's Selling Price	Tax Rate
Up to 600,000	2%
Over 600,000 to 1,100,000	12,000 + 20% of value in excess of 600,000
Over 1,100,000 to 2,100,000	112,000 + 40% of value in excess of 1,100,000
Over 2,100,000	512,000 + 60% of value in excess of 2,100,000

### NEW TAX SCHEDULE

Net Manufacturer's Price/ Importer's Selling Price	Tax Rate
Up to 600,000	4%
Over 600,000 to 1,000,000	10%
Over 1,000,000 to 4,000,000	20%
Over 4,000,000	50%

#### NOTES:

- Hybrid vehicles or vehicles powered by electric energy in combination with gasoline, diesel or any other motive power shall be subject to 50% of the applicable excise tax rates on automobiles.*
- Purely electric vehicles and pick-up trucks shall be exempt from excise tax on automobiles.*
- Pick-ups shall be considered as trucks.*
- The term "jeep" was deleted from the definition of jeep/jeepney/jeepney substitutes which shall now read as jeepney/jeepney substitutes.*



# CHANGES ON EXCISE TAX ON PETROLEUM PRODUCTS

## UNDER RA 10963 OR THE TRAIN LAW

RA 10963 increases the tax rates on petroleum products in three (3) tranches beginning January 1, 2018 to January 1, 2020, as follows:

Petroleum Products	Old Tax Rates (Per liter/kg)	New Tax Rates (Per liter/kg)		
		2018	2019	2020
Lubricating oils and greases	P 4.50	P 8.00	P 9.00	P 10.00
Processed gas	P 0.05	P 8.00	P 9.00	P 10.00
Waxes and petrolatum	P 3.50	P 8.00	P 9.00	P 10.00
Denatured alcohol used for motive power	P 0.05	P 8.00	P 9.00	P 10.00
Naphtha and regular gasoline	P 4.35	P 7.00	P 9.00	P 10.00
Leaded gasoline <sup>1</sup>	P 5.35	N/A	N/A	N/A
Unleaded gasoline	P 4.35	P 7.00	P 9.00	P 10.00
Aviation turbo jet fuel	P 3.67	P 4.00	P 4.00	P 4.00
Kerosene <sup>2</sup>	P 0.00	P 3.00	P 4.00	P 5.00
Diesel fuel oil	P 0.00	P 2.50	P 4.50	P 6.00
Liquefied petroleum gas (LPG) <sup>3</sup>	P 0.00	P 1.00	P 2.00	P 3.00
Asphalts	P 0.56	P 8.00	P 9.00	P 10.00
Bunker fuel oil	P 0.00	P 2.50	P 4.50	P 6.00
Petroleum coke <sup>4</sup>	N/A	P 2.50	P 4.50	P 6.00

- <sup>1</sup> Phased out. Deleted under RA 10963.
- <sup>2</sup> When kerosene is used as aviation fuel, it is subject to the same tax on aviation turbo jet fuel.
- <sup>3</sup> Under RA 10963, when LPG is used as raw material in the production of petrochemical products, the tax is zero (P0.00) per kilogram.
- <sup>4</sup> When petroleum coke is used as feedstock to any power generating facility, the tax is zero (P0.00) per metric ton.



For the period 2018 to 2020, the scheduled increase in the excise tax on fuel shall be suspended when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for 3 months prior to the scheduled increase of the month reaches or exceeds US\$ 80 per barrel.



# EXCISE TAX ON SWEETENED BEVERAGES

## UNDER RA 10963 OR THE TRAIN LAW

**₱ 6.00**

Per liter of  
volume capacity

Tax on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners

**₱ 12.00**

Per liter of  
volume capacity

Tax on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener

**i** Sweetened beverages using purely coconut sap sugar and purely steviol glycosides are exempt from this tax.

### BEVERAGES COVERED:



Sweetened Juice Drinks



Sweetened Tea



Flavored Water



All Carbonated Beverages



Energy & Sports Drinks



Cereal & Grain Beverages



Other Powdered Drinks not classified as Milk, Juice, Tea & Coffee



Other non-alcoholic beverages that contain added sugar

### BEVERAGES EXCLUDED:



All Milk Products, including Plain Milk, Infant Formula Milk, Powdered Milk, etc.



Meal Replacement & Medically-Indicated Beverages



Ground Coffee, Instant Soluble Coffee and Pre-packaged Powdered Coffee Products



100% Natural Vegetable Juices



100% Natural Fruit Juices





# CHANGES ON OTHER EXCISE TAXES

## UNDER RA 10963 OR THE TRAIN LAW



### ON CIGARETTES

RA 10963 increases the excise tax rates on cigarettes packed by hand and packed by machine, as follows:

#### OLD TAX RATES

Tobacco Products	Per pack					
	Jan 1, 2013	Jan 1, 2014	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018
Cigarettes packed by hand	P12.00	P15.00	P18.00	P21.00	P30.00	*To be increased by 4% every year thereafter
Cigarettes packed by machine						
NRP P11.50 and below	P12.00	P17.00	P21.00	P25.00	P30.00	
NRP more than P11.50	P25.00	P27.00	P28.00	P29.00		

#### NEW TAX RATES

Tobacco Products	Per pack				
	Jan 1, 2018	Jul 1, 2018	Jan 1, 2020	Jan 1, 2022	Jan 1, 2024
Cigarettes packed by hand	P32.50	P35.00	P37.50	P40.00	*To be increased by 4% every year thereafter
Cigarettes packed by machine	P32.50	P35.00	P37.50	P40.00	



### ON MINERAL PRODUCTS

RA 10963 increases the excise tax rate on domestic or imported coal and coke in 3 tranches beginning January 1, 2018 to January 1, 2020, as follows:

#### OLD TAX RATE

Mineral Product	Per metric ton
Coal and coke	P 10.00

#### NEW TAX RATE

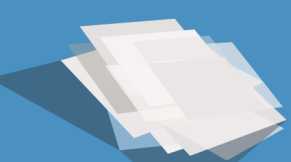
Mineral Product	Per metric ton		
	2018	2019	2020
Coal and coke	P 50.00	P 100.00	P 150.00

RA 10963 also increases the excise tax rate on other mineral products as follows:

Mineral Products	Old Tax Rate	New Tax Rate
All metallic minerals and quarry resources <sup>1</sup>	2%	4%
Copper and other metallic minerals <sup>1</sup>	2%	4%
Gold and chromite <sup>1</sup>	2%	4%
Indigenous petroleum <sup>2</sup>	3%	6%

<sup>1</sup> Based on the actual market value of the gross output at the time of removal, in the case of those locally extracted/produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and VAT in the case of importation.

<sup>2</sup> Based on the fair international market price.

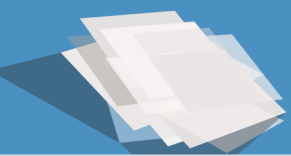


# CHANGES ON DOCUMENTARY STAMP TAX

## UNDER RA 10963 OR THE TRAIN LAW

RA 10963 increases the DST rates by 100% except the DST on debt instruments (Section 179) which only increases by 50% and the DST on policies of insurance upon property (Sec. 184), fidelity bonds and other insurance (Sec. 185), indemnity bonds (Sec. 187), and deeds of sale, conveyances and donation of real property (Sec. 196) which remained unchanged.

Section in Tax Code	Document/Instrument/Transaction	Tax Base	Old Tax Rates		New Tax Rates	
174	Original Issue of Shares of Stock	Par value	P1.00 on each P200	0.50%	P2.00 on each P200	1.00%
175	Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares/Certificates of Stock					
	With Par Value	Par value	P0.75 on each P200	0.38%	P1.50 on each P200	0.75%
	Without Par Value	DST of original issue		25%		50%
	Listed shares of stocks at PSE	-	Exempt		Exempt	
176	Bonds, Debentures, Certificates of Stock or Indebtedness Issued in Foreign Countries	Par value	Tax as required by law		Tax as required by law	
177	Certificates of Profits or Interest in Property or Accumulations	Face value	P0.50 on each P200	0.25%	P1.00 on each P200	0.50%
178	Bank Checks, Drafts, Certificates of Deposit not Bearing Interest and Other Instruments	Per instrument	P1.50		P3.00	
179	Original Issue of all Debt Instruments	Issue price	P1.00 on each P200	0.50%	P1.50 on each P200	0.75%
180	All Bills of Exchange or Drafts	Face value	P0.30 on each P200	0.15%	P0.60 on each P200	0.30%
181	Upon Acceptance of Bills of Exchange and Others	Face value	P0.30 on each P200	0.15%	P0.60 on each P200	0.30%
182	Foreign Bills of Exchange and Letters of Credit	Face value	P0.30 on each P200	0.15%	P0.60 on each P200	0.30%
183	Life Insurance Policies	Amount of insurance	P10.00 - P100.00		P20.00 - P200.00	
184	Policies of Insurance upon Property	Premium	P0.50 on each P4.00	12.50%	P0.50 on each P4.00	12.50%
185	Fidelity Bonds and Other Insurance Policies	Premium	P0.50 on each P4.00	12.50%	P0.50 on each P4.00	12.50%



# CHANGES ON DOCUMENTARY STAMP TAX

## UNDER RA 10963 OR THE TRAIN LAW

Section in Tax Code	Document/Instrument/Transaction	Tax Base	Old Tax Rates		New Tax Rates	
186	Policies of Annuities or Other Instruments	Premium/ Installment payment/ Contract price	P0.50 on each P200	0.25%	P1.00 on each P200	0.50%
186	Pre-need Plans	Premium	P0.20 on each P200	0.10%	P0.40 on each P200	0.20%
187	Indemnity Bonds	Premium	P0.30 on each P4.00	7.50%	P0.30 on each P4.00	7.50%
188	Certificates	Per certificate	P15.00		P30.00	
189	Warehouse Receipts	Per warehouse receipt	P15.00		P30.00	
190	Jai-Alai, Horse Racing Tickets, Lotto or Other Authorized Number Games	Per ticket	P0.10; additional P0.10 on each P1.00 if ticket exceeds P1.00		0.20; additional P0.20 on each P1.00 if ticket exceeds P1.00	
191	Bills of Lading or Receipts	Value	P1.00 if value > P100 or P10.00 if value > P1,000		P2.00 if value > P100 or P20.00 if value > P1,000	
192	Proxies	Per instrument	P15.00		P30.00	
193	Powers of Attorney	Per instrument	P5.00		P10.00	
194	Leases and Other Hiring Agreements	Value	P3.00 for 1 <sup>st</sup> P2,000; P1.00 for each next P1,000		P6.00 for 1 <sup>st</sup> P2,000; P2.00 for each next P1,000	
195	Mortgages, Pledges and Deeds of Trust	Amount secured	P20.00 for 1 <sup>st</sup> P5,000; P10.00 for each next P5,000		P40.00 for 1 <sup>st</sup> P5,000; P20.00 for each next P5,000	
196	Deeds of Sale, Conveyances and Donation of Real Property	Value	P15.00 for 1 <sup>st</sup> P1,000; P15.00 for each next P1,000		P15.00 for 1 <sup>st</sup> P1,000; P15.00 for each next P1,000	
197	Charter Parties and Similar Instruments	Gross tonnage	P500 - P1,500		P1,000 - P3,000	
198	Assignments and Renewals of Certain Instruments	Same as original	Same rate as original		Same rate as original	





#### FOREIGN CURRENCY DEPOSIT UNIT (FCDU)

RA 10963 increases the final tax imposed on interest income derived by an individual (except a nonresident individual) and a domestic corporation from a depository bank under the expanded foreign currency deposit system from 7.5% to 15%. The law, however, retains the 7.5% final tax on such interest income of a resident foreign corporation.



#### CAPITAL GAINS OF NON-TRADED STOCKS

RA 10963 increases the 5%-10% tax rates to a 15% single tax rate on net capital gains realized by an individual and a domestic corporation from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation that are not traded in the local stock exchange. The law, however, retains the 5%-10% capital gains tax of a resident foreign corporation and nonresident foreign corporation.



#### STOCK TRANSACTIONS TAX (STT)

RA 10963 increases the STT from 0.5% to 0.6% of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged, or otherwise disposed through the local stock exchange.



#### COSMETIC PROCEDURES

RA 10963 levies a new excise tax equivalent to 5% of gross receipts, net of excise tax and VAT, derived from performance of services on invasive cosmetic procedures, surgeries, and body enhancements directed solely towards improving, altering, or enhancing the patient's appearance.



# TAX ADMINISTRATION REFORMS

## UNDER RA 10963 OR THE TRAIN LAW



### Fuel Marking

Provides for fuel marking of petroleum products that are refined, manufactured, or imported into the Philippines, and that are subject to the payment of taxes and duties and provides for the mechanism on how fuel marking will be done including imposition of penalties for possible violations.

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### Registry of Petroleum Manufacturers and Importers

Requires the DOF to maintain a registry of all petroleum manufacturers and/or importers and the articles manufactured and/or imported by them including real-time inventory of such products in storage depots.

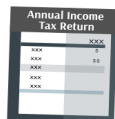
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### Tax Incentive Report

Requires the submission by the Cooperative Development Authority to the BIR and DOF of a tax incentive report which shall contain information on the income tax, VAT, and other tax incentives availed of by cooperatives enjoying incentives under RA 6938, as amended.

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### Income Tax Returns

Sets the maximum number of pages of the income tax returns of individuals and corporations to a maximum of 4 pages, in paper or electronic form, and the information that they should contain.

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### VAT Refund Centers

Requires the establishment of VAT refund centers in the BIR and in the BOC and the earmarking of 5% of the total VAT collection for the purpose of funding claims for VAT refund.



# TAX ADMINISTRATION REFORMS

## UNDER RA 10963 OR THE TRAIN LAW



### Zonal Values

Inserts a provision on the automatic adjustment of zonal values once every 3 years and the publication or posting requirement in order for the said adjustment in zonal valuation to be valid.

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### Sweetened Beverages

The Food and Drug Administration (FDA) shall require all manufacturers and importers of sweetened beverages covered by the law to put the required labeling with unique identification of exciseable sweetened beverages.

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### Audit Threshold

Provides for electronic sales reporting system for taxpayers engaged in the export of goods and services and Large Taxpayers at their own expense within 5 years from the effectivity of the Act.

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### Electronic Sale Reporting System

Increases the threshold amount required to be examined and audited by independent CPAs, from gross quarterly sales, earnings, receipts or output of more than P150,000 to gross annual sales, earnings, receipts or output of more than P3,000,000. It also removes the threshold before taxpayers are required to keep books of accounts.

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### Electronic Receipts

Requires the issuance of electronic receipts or electronic sales/commercial invoices in lieu of the manual receipts and sales/commercial invoices for taxpayers engaged in the export of goods and services, e-commerce and the Large Taxpayers within 5 years from the effectivity of this Act and upon establishment of a system capable of storing and processing the required data.



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