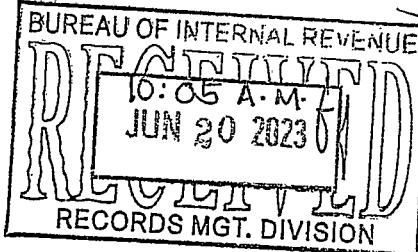




REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE  
National Office Building  
*Quezon City*



JUN 20 2023

REVENUE MEMORANDUM CIRCULAR (RMC) NO. 69 - 2023

**SUBJECT :** Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to Republic Act No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act"

**TO :** All Internal Revenue Officials, Employees and Others Concerned

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This Circular is issued to inform the public and all concerned that pursuant to Sections 6, 7 and 13 of Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), as implemented by Revenue Regulations (RR) Nos. 4-2021, 5-2021 and 8-2021, and as clarified by Revenue Memorandum Circular (RMC) Nos. 65-2021 and 67-2021, effective July 1, 2023:

1. The rate of percentage tax (PT) shall now revert to **three percent (3%)** of gross quarterly sales or receipts of the taxpayer. This rate applies to corporations, self-employed individuals and professionals whose gross sales or gross receipts are not exceeding the PhP3.0 million threshold, except for cooperatives and self-employed individuals and professionals availing of the eight percent (8%) income tax rate;
2. The rate of minimum corporate income tax (MCIT) for domestic and resident foreign corporations, including offshore banking units and regional operating headquarters, shall now revert to **two percent (2%)** based on the gross income of such corporations; and
3. The rate of regular corporate income tax (RCIT) for proprietary educational institutions and hospitals which are nonprofit shall now revert to **ten percent (10%)** of their taxable income.

Based on the foregoing, the relevant taxes for taxable year 2023 shall be computed as follows:

A. Calendar Year

Period	MCIT/RCIT/PT	Tax Due
Gross income/Taxable income/quarterly sales or receipts from January 1, 2023 to June 30, 2023	1%	PhP XXX
Gross income/Taxable income/quarterly sales or receipts from July 1, 2023 to December 31, 2023	2%/10%/3%	PhP XXX
<b>Total Tax Due</b>		<b>PhP XXX</b>

**B. Fiscal Year**

Period	MCIT/RCIT/PT	Tax Due
Gross income/Taxable income/quarterly sales or receipts from X month to June 30, 2023	1%	PhP XXX
Gross income/Taxable income/quarterly sales or receipts from July 1, 2023 to X month	2%/10%/3%	PhP XXX
<b>Total Tax Due</b>		<b>PhP XXX</b>

**ILLUSTRATIONS:**

**1. MCIT (Domestic Corporations/ROHQ/OBUs)**

**A. Calendar Year**

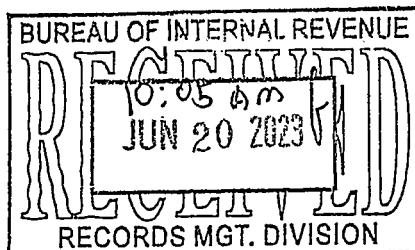
ABC Corporation, a domestic trading corporation, has gross sales of PhP1,400,000,000.00, with cost of sales of PhP560,000,000.00 and allowable deductions of PhP799,000,000.00 for calendar year 2023. Its total assets of PhP480,000,000.00 includes the land and building in which the business operation is conducted, amounting to PHP100,000,000.00 and PhP125,000,000.00, respectively.

Particulars	(In PhP)
Gross Sales	1,400,000,000.00
Less: Cost of Sales	560,000,000.00
Gross Income	840,000,000.00
Less: Allowable Deductions	799,000,000.00
<b>Taxable Income</b>	<b>41,000,000.00</b>
Tax Due (PhP41,000,000 x 25%)	<b>10,250,000.00</b>
Compare with MCIT:	
January 1 – June 30, 2023 (PhP840,000,000/12) x 6 months x 1%	4,200,000.00
July 1 – December 31, 2023 (PhP840,000,000/12) x 6 months x 2%	8,400,000.00
<b>Total MCIT</b>	<b>12,600,000.00</b>
<b>Income Tax Payable (Higher between the regular income tax and MCIT)</b>	<b>12,600,000.00</b>

**B. Fiscal Year**

Assuming the same information above, except that ABC Corporation has adopted a fiscal year ending August 31, 2023, the computation of its income tax payable shall be as follows:

Particulars	(In PhP)
Gross Sales	1,400,000,000.00
Less: Cost of Sales	560,000,000.00
Gross Income	840,000,000.00
Less: Allowable Deductions	799,000,000.00
<b>Taxable Income</b>	<b>41,000,000.00</b>
Tax Due (PhP41,000,000 x 25%)	<b>10,250,000.00</b>
Compare with MCIT:	
September 1, 2022 – June 30, 2023 (PhP840,000,000/12) x 10 months x 1%	7,000,000.00
July 1 – August 31, 2023 (PhP840,000,000/12) x 2 months x 2%	2,800,000.00



<b>Total MCIT</b>	<b>9,800,000.00</b>
<b>Income Tax Payable (Higher between the regular income tax and MCIT)</b>	<b>10,250,000.00</b>

## 2. Income Tax for Proprietary Educational Institutions/Hospitals Which are Non-Profit

### A. Calendar Year

R&D Colleges, a proprietary educational institution, has gross income of PhP200,000,000.00, all of which are from related activities, with allowable deductions of PhP160,000,000.00 for the calendar year 2023.

Particulars	(In PhP)
Gross Sales	200,000,000.00
Less: Allowable Deductions	160,000,000.00
<b>Taxable Income</b>	<b>40,000,000.00</b>
January 1 – June 30, 2023 (PhP40,000,000.00/12) x 6 months x 1%	200,000.00
July 1 – December 31, 2023 (PhP40,000,000/12) x 6 months x 10%	2,000,000.00
<b>Income Tax Payable</b>	<b>2,200,000.00</b>

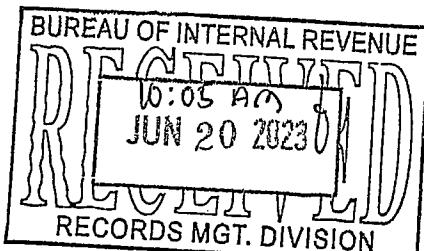
### B. Fiscal Year

If R&D Colleges has adopted a fiscal year ending in September 30, 2023, the computation of its income tax shall be as follows:

Particulars	(In PhP)
Gross Sales	200,000,000.00
Less: Allowable Deductions	160,000,000.00
<b>Taxable Income</b>	<b>40,000,000.00</b>
October 1 – June 30, 2023 (PhP40,000,000.00/12) x 9 months x 1%	300,000.00
July 1 – September 30, 2023 (PhP40,000,000/12) x 3 months x 10%	1,000,000.00
<b>Income Tax Payable</b>	<b>1,300,000.00</b>

All revenue officials concerned are enjoined to give this Circular as wide a publicity as possible.

  
**ROMEO D. LUMAGUI, JR.**  
*Commissioner of Internal Revenue*



K-1