



Department of Education
SCHOOLS DIVISION OF CITY OF MEYCAUAYAN
Pag-asa St., Malhacan, City of Meycauayan, Bulacan



Senior High School

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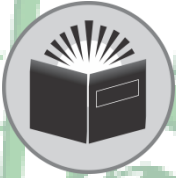
Activity Sheet **in** **Fundamentals of** **Accountancy, Business and** **Management 2**

Introduction to Train Law
(ABM_FABM12-IIh-j-19)



GOVERNMENT PROPERTY
NOT FOR SALE

INTRODUCTION TO TRAIN LAW



LET US KNOW

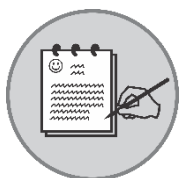
2018 marks the implementation of Tax Reform Acceleration Inclusion Act also known as Train Law. As per Harry Roque's introduction of this act, he elicited that this program of President Rodrigo Roa Duterte, in poverty alleviation initiative. This law simplifies the country tax system, and it allows an easy collection of government revenues to fund various government projects on infrastructures innovation and human capital formation. It also aims to ease the burden of the minimum wage earner. In this activity sheet we will acquaint ourselves into this newly implemented tax system and see how it will contribute to the development of principles of taxation.



LET US REVIEW

Choose the letter of the correct answer. Write your answer on your notebook.

- Train Law is implemented in the year _____.
a. 2019
b. 2020
c. 2018
d. 2016
- Which of the following statement is not an aim of Train Law?
a. poverty alleviation
b. easy collection of government revenues.
c. infrastructures innovation and human capital formation.
d. to burden the minimum wage earner.
- TRAIN repeals Section 35 of the National Internal Revenue Code on personal exemptions of individual taxpayers. Whether the taxpayer is single, married, head of the family, with or without dependents, the taxpayer is whose taxable income are _____ and below and less than _____ a month is exempted from personal income tax (PIT).
a. ₱250,000 and ₱21,000
b. ₱250,000 and ₱20,000
c. ₱260,000 and ₱22,000
d. ₱260,000 and ₱23,000
- The 13th month pay and other bonuses amounting to _____ are likewise tax-exempt.
a. ₱95,000
b. ₱92,000
c. ₱90,000
d. ₱91,000
- Which of the following product is **not** a Vat exempt product?
a. Condominium association dues.
b. Sale of drugs for diabetes, high cholesterol, and hypertension.
c. Agricultural products
d. Fine dining restaurant food and services



LET US STUDY

Tax Reform Acceleration Inclusion is the first package of comprehensive tax reform program (CTRP) envisioned by President Rodrigo Roa Duterte. The implementation of the TRAIN law began on January 1, 2018.

Objectives Train Law

- Aims to make current tax simpler, fairer, and more efficient.
- By 2020 reduce poverty rate from 26% to 17% uplifting about 10 million from poverty
- Achieve middle income status
- By 2020 eradicate extreme poverty provide equal opportunities through inclusive economic and political institution and achieve high income status

Highlights of Train Law	
Income taxes	<ul style="list-style-type: none"> Those earning an annual salary of ₱250,000 or below will no longer pay income tax (zero income tax). Gross receipt or sales below or less than ₱21,000 a month is exempted from the personal income tax Gross receipt or sales are below ₱3,000,000 have an option to choose 8% flat tax rate or Train new personal income tax table. SEP whose annual salaries are ₱3,000,000 are exempt from 3% percentage tax The 13th month pay and other bonuses amounting to ₱90,000 are likewise tax-exempt.
Value Added Tax	<ul style="list-style-type: none"> Vat Exempt- Raw food, Agricultural products, Health and education, Senior citizen, PWDs , Cooperatives ,Renewable energy ,Tourism enterprises, BPOs in special economic zones, Socialized housing (₱450,000 and below) ,Low cost housing (amounting to ₱3million),Leases below ₱15,000/month Condominium association dues. Vat free starting 2019 Sale of drugs for diabetes, high cholesterol, and hypertension Vat free starting 2020 Socialized and mass housing projects ₱2 million and below
Sugar-Sweetened Beverages	<p>To promote a healthier Philippines, sugar-sweetened beverages will be taxed.</p> <ul style="list-style-type: none"> ₱6 for drinks using sugar and artificial sweetener ₱12 for drinks using high fructose corn syrup Key exemptions 3in1 coffee, Milk and juices




Petroleum Gas Excise Tax

Through appropriately taxing dirty fuel, environmental and health concerns can be addressed. TRAIN increases the excise tax on fuel which has not been adjusted since 1997.

Fuel (per liter)	2018	2019	2020
Diesel	P2.50	P4.50	P6
LPG	P1 per kg	P2 per kg	P3 per kg
Regular and Unleaded Premium Gasoline	P7	P9	P10

<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>

Automobile Excise Tax

E. AUTOMOBILE EXCISE TAX			
	PRICE	Non-Hybrid Cars	Hybrid Cars
	Up to 600,000	4%	2%
	Over 600,000 to 1 Million	10%	5%
	Over 1 Million to 4 Million	20%	10%
	Over 4 Million	50%	25%
Pick-up trucks and electric vehicles are exempted from excise taxes.			
 			




<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>

Tobacco Excise Tax

F. TOBACCO EXCISE TAX		
TAX IMPOSED	SCHEDULE	 
P32.50	1 January 2018 - 30 June 2018	
P35	1 July 2018 - 31 December 2019	
P37.50	2020 - 2021	
P40	2022 - 2023	
Annual 4% increase	2024 onwards	

<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>

Cosmetics, Donors & Estate Taxes

G. COSMETICS TAX	H. DONOR'S TAX	I. ESTATE TAX
		
A 5% tax will be imposed on cosmetic surgery or medical procedures for purely aesthetic purposes.	A single tax rate of 6% of net donations will be imposed for gifts above P250,000 yearly regardless of relationship to the donor.	A single tax rate of 6% based on the net value of the estate with a standard deduction of P5 million will be imposed.

<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>

**Coal (Mineral Product) &
Nonmetallic and Quarry Resources**

J. Coal (Mineral Products)			
Excise Tax	2018	2019	2020
Coal	P50	P100	P150

K. Nonmetallic Minerals and Quarry Resources	
Nonmetallic minerals and quarry resources	TRAIN
Copper and other metallic minerals	4%
Gold and chromite	4%
Indigenous petroleum	6%

<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>

The vetoed five-line items included the following provisions:

1. Reduced income tax rate of employees of Regional Headquarters (RHQs), Regional Operating Headquarters (ROHQs), Offshore Banking Units (OBUs), and Petroleum Service Contractors and Subcontractors.
2. Zero-rating of sales of goods and services to separate customs territory and tourism enterprise zones.
3. Exemption from percentage tax of gross sales/receipts not exceeding five hundred thousand pesos (P500,000.00).
4. Exemption of various petroleum products from excise tax when used as input, feedstock, or as raw material in the manufacturing of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural gas fired combined cycle power plants.
5. Earmarking of incremental tobacco taxes.

(Source:<https://pcoo.gov.ph/wp-content/uploads/2018/01/A-Guide-To-TRAIN-RA10963.pdf>)



LET US REMEMBER

- a. **Tax Reform Acceleration Inclusion** is the first package of comprehensive tax reform program (CTRP) envisioned by President Rodrigo Roa Duterte. The implementation of the TRAIN law began on January 1, 2018.
- b. **Objectives Train Law**
 - ✓ Aims to make current tax simpler, fairer, and more efficient.
 - ✓ By 2020 reduce poverty rate from 26% to 17% uplifting about 10 million from poverty
 - ✓ Achieve middle income status
 - ✓ By 2020 eradicate extreme poverty provide equal opportunities through inclusive economic and political institution and achieve high income status.

Highlights of Train Law

- ✚ Income taxes
- ✚ Value Added Tax
- ✚ Sugar-Sweetened-Beverages
- ✚ Petroleum Excise Tax
- ✚ Automobile Excise Tax
- ✚ Tobacco Excise Tax
- ✚ Cosmetics, Donors and Estate Tax
- ✚ Coal (Mineral Product) & Nonmetallic and Quarry Resources.



LET US PRACTICE

Activity 1. Rated Tax!

Determine the tax rate or amount imposed on the following products or item under TRAIN LAW . Write your answer on separate sheet of paper.

1. Coca Cola Products
2. Marlboro lights cigarette
3. Loreal eyeshadow make-up
4. Gold from Isabela Province
5. Coal
6. Winston Cigarette in 2024.
7. Hybrid Cars with a price of ₱700,000
8. Diesel market price is ₱ 25.00 how much will be the increase in 2022.
9. Gross receipt or sales of ₱ 2,500,000 in pertaining to income tax under Train Law.
10. Agricultural Products in 2018.



LET US APPRECIATE

Activity 2. What is good in Train Law ?

Create an infographics to illustrate the following important concepts.

- What are the benefits of tax reform?
- Where will the government use the additional revenues to be collected under the Tax Reform for Acceleration and Inclusion (TRAIN) law?

Rubrics		
Content	Appropriate details support main idea Accurate and detailed information adequately supports purpose of visual	50 points
Focus	Topic and title clear and easily identified Main idea is clearly appropriate to topic All illustrations complement purpose of visual.	20 points
Visual Appeal	Outstanding use of color, design, and space .Original and creative design .Overall design is pleasing and harmonious	20 points
Mechanics	Free of grammatical errors Words are legible and pertinent to topic	10 points
Total		100 points

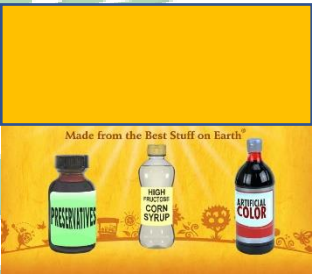





LET US PRACTICE MORE

Activity 3 : If the price is right ?

Compute for the price of the following commodities as of January 2020.

Commodities	Previous Price	Price Under Train Law	Difference
 <p>https://www.smallbasket.com.ph/password</p>	₱ 5.00		

 <p>https://www.newromantimes.com/high-fructose-corn-syrup-snapples-list-best-stuff-earth/</p>	<p>₱ 50.00</p>		
 <p>https://www.alibaba.com/product-detail/propane-lpg-gas-cylinder-size-made_60527456196.html</p>	<p>₱ 450.00</p>		
 <p>https://www.needpix.com/photo/download/76258/cigarette-smoke-tobacco-hand-with-cigarette-free-pictures-free-photos-free-images-royalty-free-free-illustrations</p>	<p>₱67.50</p>		
 <p>https://www.pclipart.com/maxpin/TmJJTo/</p>	<p>₱85.00</p>		



EVALUATION

Choose the letter of the best answer. Write your answer on a separate sheet of paper.

1. _____ is the first package of comprehensive tax reform program (CTRP) envisioned by President Rodrigo Roa Duterte.
 - a. MRT Train
 - b. Train Law
 - c. Law and the Market
 - d. None of the above
2. Exemption from percentage tax of gross sales/receipts not exceeding five hundred thousand pesos (P500,000.00).
 - a. Statement is partially true
 - b. Statement is True
 - c. Statement is False
 - d. Statement is neither True nor False
3. Excise Tax in 2024 for tobacco is _____.
 - a. 34%
 - b. 43%
 - c. 4%
 - d. 3%
4. If the price of Revlon cosmetics lipstick before is P 550.00, how much will be the price of the lipstick after imposing Train Law?
 - a. P 450.00
 - b. P 750.00
 - c. P 577.50
 - d. P 757.05
5. Under Train effective January 1, 2018 Donor's tax year shall be _____ computed on the basis of total gifts in excess of _____ exempt gift made during the calendar year.
 - a. P 450.00 and 5%
 - b. 6% & and P 250,000
 - c. P 400,000 and 7%
 - d. 3% and P 300,000

II. Identify the following transactions as of January 2018. Choose **A. for VAT- subject to regular rate**, **B. for Vat-subject at zero rate** and **C. Vat-exempt**

1. Sale of an apartment house	
2. Service rendered by beauty parlor	
3. Sale of lechong manok in a restaurant	
4. Medical service rendered by medical professional	
5. Sale of medicine to in-patients of the hospital	

6. Sale of copra, molasses, and ordinary salt	
7. Sale of broom and walis ting-ting	
8. Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed 70%	
9. Sale of cut flowers	
10. Sale of real property utilized for low cost or socialized housing	



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