

SUMMARY COMPARISONS OF OLD TAX CODE AND TAX REFORM FOR ACCELERATION AND INCLUSIONS(NEW)						
PROVISION		EXISTING TAX CODE - PRIOR TO 01/01/2018 (OLD)			T.R.A.I.N. LAW - 01/01/2018 ONWARDS (NEW)	
INDIVIDUALS						
COMPENSATION EARNERS (TAXPAYERS RECEIVING COMPENSATION AND THOSE WHO ARE EMPLOYED BY PROPRIETORS) - RR 11-2018						
Compensation Income (Tax Schedule)	If Annual Taxable Income is...			From 01/01/2018 to 12/31/2022		
	Over	Not over	Rate	Over	Not over	Rate
		P10,000	5%		P250,000	0
	P10,000	P30,000	P500 + 10% of excess over P10,000	P250,000	P400,000	20% of excess over P250,000
	P30,000	P70,000	P2,500 + 15% of excess over P30,000	P400,000	P800,000	P30,000 plus 25% of excess over P400,000
	P70,000	P140,000	P8,500 + 20% of excess over P70,000	P800,000	P2,000,000	P130,000 plus 30% of excess over P800,000
	P140,000	P250,000	P22,500 + 25% of excess pver P140,000	P2,000,000	P8,000,000	P490,000 plus 32% of excess over P800,000
	P250,000	P500,000	P50,000 + 30% of excess over P250,000	P8,000,000		P2,410,000 plus 35% of excess over P8,000,000
	P500,000		P125,000 + 32% of excess over P500,000			
					12/31/2022 onwards	
				If Annual Taxable Income is...		
	Over	Not over	Rate			
		P250,000	0			
	P250,000	P400,000	15% of excess over P250,000			
	P400,000	P800,000	P22,500 plus 20% of excess over P400,000			
	P800,000	P2,000,000	P102,500 plus 25% of excess over P800,000			
	P2,000,000	P8,000,000	P402,500 plus 30% of excess over P800,000			
	P8,000,000		P2,202,500 plus 35% of excess over P8,000,000			
Personal and Additional Exepmtions	Single /Married w/out a Qualified Dependent P50,000 plus w/ 1 Qualified Dependents P25,000 2 Qualified Dependents P50,000 3 Qualified Dependents P75000  4 or more Qualified Dependents(max) P100,000			None, already included in the P250,000 exemption from income tax		
Health Insurance Premium	P2,400 exemption if gross income is below P250,000			None, already included in the P250,000 exemption from income tax		
Minimum Wage Earner	Statutory minimum wage rates (different across regions) are exempted from income tax together with their corresponding holiday pay, overtime pay, night shift differential(10%) and hazard pay earned.			Statutory minimum wage rates (different across regions) are exempted from income tax together with their corresponding holiday pay, overtime pay, night shift differential(10%) and hazard pay earned. (RR 8-2018)		
13th month Pay and Excess of de minimis benefits Exemption	P82,000			P90,000		
De Minimis Benefits (RR-11 2018)	1. Rice Subsidy	P1,500 or one (1) sack of 50 kg. rice per month amounting to not more than		P2,000 or one (1) sack of 50 kg. rice per month amounting to not more than P2,000		
	2. Uniform	Not exceeding P5,000 per annum		Not exceeding P6,000 per annum		
	3. Medical cash allowance	Not exceeding P750 per employee per semester or P125 per month - to dependents of employees		Not exceeding P1,500 per employee per semester or P250 per month - to dependents of employees		

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De Minimis Benefits (RR-11 2018)	4. Monetized unused vacation leave credits of <b>private</b> employees not exceeding ten (10) days during the year		
	5. Monetized value of vacation and sick leave credits paid to <b>government officials and employees</b>		
	6. Actual medical assistance, e.g. medical allowance to cover medical and healthcare needs, annual medical/executive check-up, maternity assistance, and routine consultations, not exceeding P10,000.00 per annum		
	7. Laundry allowance not exceeding P300 per month		
	8. Employees achievement awards, e.g., for length of service or safety achievement, which must be in the form of a tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not discriminate in favor of highly paid employees		
	9. Gifts given during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum		
	10. Daily meal allowance for overtime work and night/graveyard shift not exceeding twenty-five percent (25%) of the basic minimum wage on a per region basis		
	11. Benefits received by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentive schemes provided that the total monetary value received from both CBA and productivity incentive schemes combined do not exceed P10,000.00 per employee per taxable year		
SELF EMPLOYED INDIVIDUALS AND PROFESSIONALS (TAXPAYERS WHO OWN THEIR BUSINESS OR USE THEIR PROFESSION IN THE LINE OF BUSINESS)			
Above the VAT Threshold	Threshold	Gross sales is over P1,919,500	Gross Sales is over P3,000,000
	Income Tax	Taxable Income is subject to <b>OLD</b> Tax Table (see tax on compensation schedule)	Taxable Income is subject to <b>NEW</b> Tax Table (see tax on compensation schedule)
	Percentage Tax	Value-Added Tax Payable is computed as the Difference of Output Vat(12% of sales) and Input Vat(12% of purchases) to be filed and paid every <b>Month</b>	Value-Added Tax Payable is computed as the Difference of Output Vat(12% of sales) and Input Vat(12% of purchases) every <b>Month</b> from 01/01/2018 to 12/31/2022  Beginning 01/01/2023 - filing and payment shall be done every <b>Quarter</b>
Below the VAT Threshold	Threshold	Old Threshold - Gross sales is at or under P1,919,500	Old Threshold - Gross sales is at or under P3,000,000
	Income Tax	Taxable Income is subject to <b>OLD</b> Tax Table (see tax on compensation schedule)	Optional between <b>(1)</b> 8% Final tax on Gross sales/Gross receipts and other non-operating income <b>in excess of P250,000</b> or <b>(2)</b> Taxable income using <b>NEW</b> Tax table (see tax on compensation schedule) (subject to conditions under <b>RR 9-2018</b> )
	Percentage Tax	<b>Percentage tax of 3%</b> of Gross Sales/Gross Receipts to be remitted every <b>Month</b>	<b>Percentage tax of 3%</b> of Gross Sales/Gross Receipts to be remitted every <b>Quarter</b>
		Taxpayer has option to register under VAT system even if his gross sales/receipts do not exceed the old or new Threshold	
Optional Standard Deduction		40% of Gross Sales is allowed as an approximate deduction in lieu of itemized deductions allowed in the Tax Code provisions	
FINAL TAX ON PASSIVE INCOME (RATES APPLICABLE TO <b>RESIDENT CITIZENS</b> , SOME RATES MAY BE THE SAME FOR NON-RESIDENT CITIZENS etc.) - RR 11-2018			
Royalties, Books, Literary works, Musical compositions,		10%	10% except for <b>Books</b> which shall be subject to 20%
Prizes	on or below P10,000	Taxable Income is subject to <b>OLD</b> Tax Table (see compensation income table)	Taxable Income is subject to <b>NEW</b> Tax Table (see compensation income table)
	above P10,000	20%	20%
Winnings	In general	20%	20%
	above P10,000	20%	20%
	on or below P10,000	<b>Exempt</b>	<b>Exempt</b>
	Lotto/PCSO		
Interest	from depositary bank(FCDS)	7.5%	15%

PROVISION		EXISTING TAX CODE - PRIOR TO 01/01/2018 (OLD)		T.R.A.I.N. LAW - 01/01/2018 ONWARDS (NEW)	
Interest	Long-term Investment	Final tax on pre-termination based on remaining maturity		Pre-terminated before 5th year - 20% Final tax on entire interest income and shall be deducted and withheld by the depositary bank from the proceeds of the long term deposit or investment certificate based on the remaining maturity thereof; (Sec 5. Sec 24 (B)(1))	
		Under 3 years	20%		
		3-4 years	12%		
		4-5 years	5%		
		Over 5 years	Exempt		
Dividends	Cash	10% (including share of an individual in the distributable after-tax net income of a business partnership of which he is a partner or share of an individual in the after-tax net income of a joint venture, joint association, or joint account or consortium taxable as a corporation of which he is member or co-venturer)		10% (including share of an individual in the distributable after-tax net income of a business partnership of which he is a partner or share of an individual in the after-tax net income of a joint venture, joint association, or joint account or consortium taxable as a corporation of which he is member or co-venturer)	
	Property				
Capital Gains Tax on Shares of Stocks	Non-Traded	First P100,000	5%	15% on the net capital gain of sale, barter, exchange or other disposition of shares of stock in a domestic corporation	
	Traded	Excess of P100,000	10%		
Fringe Benefit Tax		1/2 of 1% or .50% of Selling Price		6/10 of 1% or .6% of Selling Price (RR 9-2018)	
		32% on Grossed-up Value		35% on Grossed-up Value	
Preferential Tax Rates Alien Individuals employed by: RAHQs and ROHQ Offshore Banking Units Petroleum Service Contractor		15% of salaries, wages, annuities, compensation, renumerations and other emoulments, such as honoraria and allowances, received from such <i>provided, however</i> , that the same tax treatment shall apply to Filipinos employed and occupying the same position as those aliens employed by those mentioned.			
		Any other income earned from all other sources within the Philippines by the said Alien employee shall be taxed according to the nature of its income.			
CREDITABLE WITHHOLDING TAX ON INCOME PAYMENTS (RR 11-2018)					
Professional fees, talent fee etc for services rendered		Gross Income < P720,000	10%	Individual	Gross Income < P3,000,000 5%
		Gross Income > P720,000	15%	Non- Individual	Gross Income > P3,000,000 10%
					Gross Income < P720,000 10%
				Gross Income > P720,000 15%	
Rentals		5%		5%	
Contractors		2%		2%	
Beneficiaries of Estate/Trust		15%		15%	
General Professional Partnership		Gross Income < P720,000	10%	Gross Income < P720,000 10%	
		Gross Income > P720,000	15%	Gross Income > P720,000 15%	
Gross Consideration or equivalent paid to seller/owner for sale/lease/exchange of transfer of REAL PROEPRTY classified as ORDINARY ASSET		1. Seller/Transferor is EXEMPT	Exempt	1. Seller/Transferor is EXEMPT Exempt	
		2. If seller/transferor is HABITUALLY engaged in real estate business:		2. If seller/transferor is HABITUALLY engaged in real estate business:	
		Selling price <= P500,000	1.50%	Selling price <= P500,000 1.50%	
		P500,000 < Selling Price < P2,000,000	3.00%	P500,000 < Selling Price < P2,000,000 3.00%	
		Selling price > P2,000,000	5.00%	Selling price > P2,000,000 5.00%	
		3. Seller/Transferor is NOT Habitually engaged in real estate		6.00%	3. Seller/Transferor is NOT Habitually engaged in real estate 6.00%
Credit Cards (paid by credit card companies)		1/2 of 1% of gross amounts paid by any credit card companies to business entities		1/2 of 1% of gross amounts paid by any credit card companies to business entities	

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Top Withholding agents - Top 20,000 Private Corporations Top 5,000 Individuals Medium Taxpayers Taxpayer Account Management Program or T.A.M.P.		Supplier of Goods 1%		Supplier of Goods 1%	
		Supplier of Services 2%		Supplier of Services 2%	
Payments Made by a Government Office or GOCCs to its local/resident supplier of goods/services, OTHER THAN THOSE COVERED BY OTHER WITHHOLDING TAX RATES		Supplier of Goods 1%		Supplier of Goods 1%	
		Supplier of Services 2%		Supplier of Services 2%	
		*Except any single purchase which is P10,000 or below		*Except any single purchase which is P10,000 or below	
Funeral Parlors Embalders		1%		1%	
Tolling Fees to Refineries		5%		5%	
Suppliers of Agricultural products		1% in excess of the CUMULATIVE amount of P300,000 for the taxable year.		1% in excess of the CUMULATIVE amount of P300,000 for the taxable year.	
Purchase of Minerals, mineral products and quarry resources		5%		5%	
		*BSP is required to withhold 1% of gross payments made, and remit the same to government		*BSP is required to withhold 1% of gross payments made, and remit the same to government	
Overtime services of importers. Shipping and airline companies or their agents		15%		15%	
*Other CWTs are no longer included. Please check RR-11 2018 for the other CWTs not included in this summary					
CORPORATIONS					
		INCOME TAX			
Domestic Corporations Government-Owned and Controlled Corporations		30%, except for (1) SSS, (2) PHIC, (3) PCSO, (4) GSIS which shall be <b>EXEMPT</b>		30%, except for (1) SSS, (2) PHIC, (3) PCSO, (4) GSIS which shall be <b>EXEMPT</b>	
FINAL TAX ON PASSIVE INCOME (RATES APPLICABLE TO <b>DOMESTIC CORPORATIONS</b> , SOME RATES MAY BE THE SAME FOR FOREIGN CORPORATIONS etc.)					
Interest	In General	20%		20%	
	from depositary bank(FCDS)	7.50%		15%	
Capital Gains Tax	Non-Traded	First P100,000 Excess of P100,000	5% 10%	15% on the net capital gain of sale, barter, exchange or other disposition of shares of stock in a domestic corporation	
	Traded	1/2 of 1% or .50% of Selling Price			

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TRANSFER TAX					
		ESTATE TAX (RR 12-2018)			
Estate Tax Schedule		If Net Taxable Estate is...		6% of the Net Taxable Estate	
		Over	Not over		
			P200,000		
			Exempt		
		P200,000	P500,000		
			0 plus 5% of excess over P200,000		
		P500,000	P2,000,000		
	P15,000 plus 8% of excess over P500,000				
	P2,000,000	P5,000,000		P135,000 plus 11% of excess over P2,000,000	
	P5,000,000	P10,000,000		P465,000 plus 15% of excess over P5,000,000	
	P10,000,000			P1,215,000 plus 20% of excess over P10,000,000	
Deductions	Standard Deduction	P1,000,000		P5,000,000	
	Medical Expenses	P500,000		NONE	
	Family Home	P1,000,000 <i>provided, however</i> , that the market value be included in the gross estate		P10,000,000 <i>provided, however</i> , that the market value be included in the gross estate	
	Funeral Expenses	LOWEST of (1) Actual, (2) 5% of gross estate, or (3) P200,000		NONE	
	Judicial Expenses	NO LIMIT, <i>provided, however</i> , that the expense to claimed is substantiated		NONE	
DONOR'S TAX (RR 12-2018)					
Donor's Tax Schedule		If Net Gift is... (Donor's <b>relatives</b> within 5th degree of consaguinity)		6% of the Net Gift in excess of P250,000/First P250,000 of net gift is exempt whether Donee is a Relative or a Stranger.  Dowries or gifts on account of marriage no longer enjoy the P10,000 exemption.	
		Over	Not over		
			P100,000		
			Exempt		
		P100,000	P200,000		
			0 plus 2% of excess over P100,000		
		P200,000	P500,000		
			P2,000 plus 4% of excess over P200,000		
		P500,000	P1,000,000		
			P14,000 plus 6% of excess over P500,000		
P1,000,000	P3,000,000				
	P44,000 plus 8% of excess over P1,000,000				
P3,000,000	P5,000,000				
	P204,000 plus 10% of excess over P3,000,000				
P5,000,000	P10,000,000				
	P404,000 plus 12% of excess over P5,000,000				
P10,000,000					
	P1,404,000 plus 15% of excess over P10,000,000				
		30% of Gross gift is taxable to <b>strangers</b>			
BUSINESS TAX					
VALUE-ADDED TAX (RR 13-2018)					
Threshold		Gross sales is over P1,919,500		Gross Sales is over P3,000,000	
VAT Payable		Value-Added Tax Payable is computed as the <b>Difference</b> of <b>Output Vat</b> (12% of sales) and <b>Input Vat</b> (12% of purchases) to be filed and paid every <b>Month</b>		Value-Added Tax Payable is computed as the Difference of <b>Output Vat</b> (12% of sales) and <b>Input Vat</b> (12% of purchases) every <b>Month</b> from 01/01/2018 to 12/31/2022	
				Beginning 01/01/2023 - filing and payment shall be done every <b>Quarter</b>	
Exempt	Housing	Exempt residential lot valued at P1,919,500 and below		Exempt residential lot valued at P1,500,000 and below and residential house and lot valued at below P2,000,000 until 12/31/2020	
		Exempt residential house and lot valued at P3,199,200 and below		Beginning 01/01/2021, exempt residential house and lot at below P2,000,000	
	Leasing	Below P12,800		Below P15,000	
	Senior Citizens	Exempt under Expanded Senior Citizens Act of 2010 (RA 9994) and Magna Carta		Exempt under TRAIN Law	
	Persons w/ Disability	for Persons with Disability (RA 10754) - VAT-exempt plus 20% of the price without			
Medicines		12%		12% <b>except</b> medicines for diabetes, high cholesterol and hypertension - <b>EXEMPT</b>	

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Tax-free exchanges SEC 40(c)(2)		12%		EXEMPT					
Association Dues		12%		EXEMPT					
Amortization of Input VAT on capital goods		Spread over 5 years		By 2022, Immediately repealed					
Sales to PEZA		0% ( <b>not EXEMPT</b> )		12% upon implementation of enhanced VAT system					
EXCISE TAX									
Cigarettes and Cigars (RR 3-2018)		P30 per pack (not specified under the Tax code but implemented through the R.A. 10351 or "Sin Tax Law"		01/01/2018 - 06/30/2018 07/01/2018 - 12/31/2019 01/01/2020 - 12/31/2021 01/01/2022 - 12/31/2023 01/01/2024 onwards		P32.50 P35.00 P37.50 P40.00 4% increase every year			
Manufactured Oils and Other Fuels/ Petroleum (RR 2-2018)	Lubricating and oil greases Processed gas Waxes and petrolarum Asphalts Denatured Alcohol		P4.50	Exempt if produced from basestock and additives on which excise tax has already been paid			2018 P8.00 2019 P9.00 2020 P10.00		
			P0.05						
			P3.50						
			P0.56						
			P0.05						
	Naptha, regular gasoline, pyrolysis gasoline Unleaded gasoline premium		P4.35-P5.35 P4.35	Exempt if used as raw materials in production of petrochemical products			2018 - P7.00; 2019 - P9.00; 2020 - P10.00		
	Aviation turbo jet fuel		P3.67				2018 - P4.00; 2019 - P4.00; 2020 - P4.00		
	Kerosene		0-P3.67	Taxed at P4.00 if used as aviation fuel.			2018 - P3.00; 2019 - P4.00; 2020 - P5.00		
	Bunker fuel oil Diesel fuel oil Petroleum coke Liquefied petroleum gas (LPG)		0 0 0 0	Excise tax on purchased basestock (bunker ) shall be used as tax credit from the excise tax due  Exempt if used as feedstock to any power generating facility Exempt if used as raw materials in production of petrochemical products			2018 P2.50 2019 P4.50 2020 P6.00 2018 - P1.00; 2019 - P2.00; 2020 - P3.00		
Automobiles (RR 2-2018)		Based on the <b>net selling price</b> of the automobile (Excise tax and Value-added tax are <b>not</b> considered in the computation:			Based on the <b>net selling price</b> of the automobile (Excise tax and Value-added tax are <b>not</b> considered in the computation:				
		Over	Not over	Rate	Over	Not over	Rate	Hybrid Rate(50%)	<b>*Hybrid vehicles are automobiles powered solely by electricity.</b>
				2%			4%	2%	
		P600,000	P1,100,000	P12,000 plus 20% of excess over P600,000	P600,000	P1,000,000	10%	5%	
		P1,100,000	P2,100,000	P112,000 plus 40% excess over P1,100,000	P1,000,000	P4,000,000	20%	10%	
P2,100,000		P512,000 plus 60% excess over P2,100,000	P4,000,000		50%	25%			
Exempt from payment of excise tax on automobiles		Not specified in the tax code			Those that are <b>not</b> considered automobiles and are therefore <b>EXEMPTED</b> under the TRAIN LAW, namely: Buses Trucks Jeepneys Single Cab Chassis Cargos Van Special-purpose vehicles Automobiles used exclusively within the freeport zone Pick-ups because they are considered as trucks				
Cosmetics Surgery/Non-essential services		None			5% of gross receipts derived from performance of services, net of excise tax and value-added tax. If surgery is for the purpose of artificially improve and enhance ones appearance and not to repair any defect or abnormality, surgery is <b>subject to TAX</b> , otherwise,				

PROVISION		EXISTING TAX CODE - PRIOR TO 01/01/2018 (OLD)		T.R.A.I.N. LAW - 01/01/2018 ONWARDS (NEW)	
Sweetened Beverages	Sweetened Juice	Sports Drink	None	Purely Caloric Sweetener	P6.00
	Sweetened Tea	Cereal and Grain Beverages		Purely non-caloric Sweetener	Or Mix
Carbonated Beverages	Powdered drinks	Purely high Fructose Corn Syrup		P12.00	
Flavored Water	Non-alcoholic beverages that	Coconut sap sugar		Exempt	
Energy Drinks	contain added Sugar	Steviol Glycosides			
	Exclusions		None	All milk products	Meal Replacement and Medically
				Natural Fruit Juices	Indicated Beverages
				Natural Vegetable Juices	Ground Coffee
Minerals (RR 1-2018)	Coal	P10.00 per Metric ton		2018	P50.00
				2019	P100.00
				2020	P150.00
	Copper				
	Other metallic minerals	2%		4%	
	Non-mettalic minerals				
	Gold and chromite				
	Indigenous petroleum	3%		6%	
<p>These are just <b>SOME</b> of the summarized provisions and differences in those provisions that were updated by the TRAIN Law. You In addition, other provisions may not be included in this note because I may have overlooked some of the provisions or have excluded them due to the complexity of the provision. It would be unfair to include provisions which I have vague understanding on and including them might confuse readers who will rely on this summary. I am also sorry for not including due dates (<b>Which in general is shifted FROM MONTHLY to QUARTERLY as per the filing of returns</b>) and the documentary stamp taxes which could be searched in the BIR website and the recently published Revenue Regulations (<b>RR 4-2018 for DST</b>). Lastly, <b>I am sorry for mistakes in application and understanding to the old/new provisions of the Tax Code and the TRAIN Law and also for some grammatical or spelling errors if any. Hoping for a favorable consideration and understanding.</b></p>					
<p>Please cite the complete <b>Tax Reform for Acceleration and Inclusions</b> and <b>Revenue Regulations (RR 13-2018</b> is the latest as of the accomplishment of this summary) which could be viewed and downloaded on the BIR Website <a href="http://www.bir.gov.ph">http://www.bir.gov.ph</a> for explanations, additional references and illustrations of the updates enumerated above.</p>					
<p>Feel free to share this text to anyone who could be able to use it. This is specially designed for students/CPA board exam takers under the Administrative Feasibility principle (meehhhh hahahaha) but everyone can use it for your convenience. Thank you and God Bless! - ARMED, CPA</p>					