

# **VAT Exempt/Non-VAT and Other Percentage Tax**

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## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

1. Sale or importation of agricultural and marine food products in their original state, livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefore;
2. Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn, livestock and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds (except specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals considered as pets);

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

3. Importation of personal and household effects belonging to residents of the Philippines returning from abroad and non-resident citizens coming to resettle in the Philippines; Provided, that such goods are exempt from custom duties under the Tariff and Customs Code of the Philippines;

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

4. Importation of professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects ( except vehicles, vessels, aircrafts machineries and other similar goods for use in manufacture which are subject to duties, taxes and other charges) belonging to persons coming to settle in the Philippines or Filipinos or their families and descendants who are now residents or citizens of other countries, such parties hereinafter referred to as overseas Filipinos, in quantities and of the class suitable to the profession, rank or position of the persons importing said items, for their own use and not barter or sale, accompanying such persons, or arriving within a reasonable time; Provided, That the Bureau of Customs may, upon the production of satisfactorily evidence that such persons are actually coming to settle in the Philippines and that the goods are brought from their place of residence, exempt such goods from payment of duties and taxes.

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

5. Services subject to percentage tax under Title V of the Tax Code, as amended;
6. Services by agricultural contract growers and milling for others of palay into rice, corn into grits, and sugar cane into raw sugar;
7. Medical, dental, hospital and veterinary services except those rendered by professionals;
8. Educational services, including online courses, online seminars, and online trainings, rendered by private educational institutions, duly accredited by the Department of Education (DepEd), the Commission on Higher Education (CHED), the Technical Education and Skills Development Authority (TESDA), and those rendered by government educational institutions; and sale of online subscription-based services to DepEd, CHED, TESDA, and educational institutions recognized by said government agencies (RA 12023, VAT on Digital Service Providers (DSP))

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

9. Services rendered by individuals pursuant to an employer-employee relationship;
10. Services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region and do not earn or derive income from the Philippines;
11. Transactions which are exempt under international agreements to which the Philippines is a signatory or under special laws except those granted under P.D. No. 529 - Petroleum Exploration Concessionaires under the Petroleum Act of 1949;

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

12. Sales by agricultural cooperatives duly registered and in good standing with the Cooperative Development Authority (CDA) to their members, as well as of their produce, whether in its original state or processed form, to non-members, their importation of direct farm inputs, machineries and equipment, including spare parts thereof, to be used directly and exclusively in the production and/or processing of their produce;

PRODUCT SOLD	SALE TO	
	Members	Non-Members
Cooperative's <i>own produce</i>	Exempt	Exempt
<i>Other than</i> the cooperative's own produce	Exempt	Subject to VAT

# VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

13. Gross receipts from lending activities by credit or multi-purpose cooperatives duly registered and in good standing with the Cooperative Development Authority;

GROSS RECEIPTS FROM	TRANSACTION(S) WITH	
	Members	Non-Members
From <i>Lending Activities</i> to its members	Exempt	
From <i>Non-Lending Activities</i> to its members and non-members	Subject to VAT	



## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

14. Sales by non-agricultural, non-electric and non-credit cooperatives duly registered with and in good standing with CDA; Provided, that the share capital contribution of each member does not exceed Fifteen Thousand Pesos (P15,000.00) and regardless of the aggregate capital and net surplus ratably distributed among the members;

<b>CONTRIBUTION</b>	<b>TAX</b>
Contribution <b>per</b> member $\leq$ 15,000	Exempt
Contribution <b>per</b> member $>$ 15,000	Subject to VAT

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

15. Export sales by persons who are not VAT-registered;
16. The following sales of real properties:
  - a. Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business.
  - b. Sale of real properties utilized for low-cost housing as defined by RA No. 7279, otherwise known as the "Urban Development and Housing Act of 1992" and other related laws, such as RA No. 7835 and RA No. 8763;
  - c. Sale of real properties utilized for specialized housing as defined under RA No. 7279, and other related laws, such as RA No. 7835 and RA No. 8763, wherein price ceiling per unit is Php 450,000.00 or as may from time to time be determined by the HUDCC and the NEDA and other related laws;

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

- d. Sale of house and lot and other residential dwellings valued at Three Million Six Hundred Thousand Pesos (P3,600,000.00) (RR 1-2024) and below, as adjusted using latest Consumer Price Index values.
16. Lease of residential units with a monthly rental per unit not exceeding Fifteen Thousand Pesos (P15,000.00), regardless of the amount of aggregate rentals received by the lessor during the year; **Provided, that not later than January 31, 2009 and every three (3) years thereafter, the amount of P10,000.00 shall be adjusted to its present value using the Consumer Price Index, as published by the Philippine Statistics Authority (Formerly known as NSO);**

# VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

18. Sale, importation, printing or publication of books, and any newspaper, magazine, journal, review bulletin, or any such educational reading material covered by the UNESCO Agreement on the Importation of Educational, Scientific and Cultural Materials, including the digital or electronic format thereof: Provided, That the materials enumerated herein are not devoted principally to the publication of paid advertisements; (RR No. 4-2021)
19. Transport of passengers by international carriers;

<b>TRANSPORT OF</b>	<b>Philippines to Abroad</b>
Passengers	Vat exempt
Cargo or goods	Subject to Common Carrier's (CCT) Tax under Section 118

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

20. Sale, importation or lease of passenger or cargo vessels and aircraft, including engine equipment and spare parts thereof for domestic or international transport operations; **Provided, that the exemption from VAT on the importation and local purchase of passenger and/or cargo vessels shall be subject to the requirements on restriction on vessel importation and mandatory vessel retirement program of Maritime Industry Authority (MARINA);**

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

21. Importation of fuel, goods and supplies by persons engaged in international shipping or air transport operations; **Provided, that the said fuel, goods and supplies shall be used exclusively or shall pertain to the transport of goods and/or passenger from a port in the Philippines directly to a foreign port, or vice-versa, without docking or stopping at any other port in the Philippines unless the docking or stopping at any other Philippine port is for the purpose of unloading passengers and/or cargoes that originated from abroad, or to load passengers and/or cargoes bound for abroad; Provided, further, that if any portion of such fuel, goods or supplies is used for purposes other than the mentioned in the paragraph, such portion of fuel, goods and supplies shall be subject to 12% VAT; (RA 12066, CREATE More Law)**

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

22. Services of bank, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries, including those rendered through different digital platforms (RA 12023, VAT on Digital Service Providers (DSP); and
23. Sale or lease of goods and services to senior citizens and persons with disabilities, as provided under Republic Act Nos. 9994 (Expanded Senior Citizens Act of 2010) and 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability), respectively;
24. Transfer of property in merger or consolidation (pursuant to Section 40(C)(2) of the Tax Code, as amended);

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

25. Association dues, membership fees, and other assessments and charges collected on a purely reimbursement basis by homeowners' associations and condominium established under Republic Act No. 9904 (Magna Carta for Homeowners and Homeowner's Association) and Republic Act No. 4726 (The Condominium Act), respectively;
26. Sale of gold to the Banko Sentral ng Pilipinasn (BSP) (previously zero-rated transaction); (RA 10963, TRAIN Law)
27. Sale or importation of prescription drugs and medicines for:
  - a. Diabetes, high cholesterol, and hypertension beginning on January 1, 2020
  - b. Cancer, mental illness, tuberculosis, and kidney diseases beginning January 1, 2021 (RR 4-2021; RA 11534, CREATE Law)



## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] Provided, That the DOH shall issue a list of approved drugs and medicines for this purpose within sixty (60) days from the effectivity of this Act;

28. Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales (RA 11976, Ease of Paying Taxes Act) do not exceed the amount of Three Million Pesos (Php 3,000,000.00). Note: Self-employed individuals and professionals availing of the 8% on gross sales and/or receipts and other non-operating income, under Sections 24 (A)(2)(b) and 24 (A)(2)(c)(2) of the NIRC shall also be exempt from the payment of twelve (12%) VAT. (RR No. 4-2021)

## VAT Exempt Transactions (Section 109 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

29. Importation of goods by an export-oriented enterprise whose export sales is at least seventy percent (70%) of the total annual production of the preceding taxable year: Provided, That such goods are directly attributable to the export activity of the export-oriented enterprise: Provided, further, That the Export Marketing Bureau of the DTI shall determine the compliance with the aforementioned threshold. For this purpose, 'directly attributable' shall follow the same definition under Section 106 of this Code. (RA 12066, CREATE More Law)

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

1. Tax on persons exempt from value-added tax (Sec. 116)
2. Percentage tax on domestic carriers and keepers (Sec. 117)
3. Percentage tax on international carriers (Sec. 118)
4. Tax on franchises (Sec. 119)
5. Tax on overseas dispatch, message, or conversation originating from Philippines (Sec. 120)
6. Tax on banks and non-bank financial intermediaries (Sec. 121)
7. Tax on other non-bank financial intermediaries (Sec. 122)
8. Tax on life insurance premiums (Sec. 123)
9. Tax on agents of foreign insurance companies (Sec. 124)
10. Amusement taxes (Sec. 125)
11. Tax on winnings (Sec. 126)
12. Tax on sale, barter, or exchange of shares of stock listed and traded through the local stock exchange (Sec. 127)

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 116. *Tax on Persons Exempt from Value-Added Tax (VAT).* – Any person whose **sales** are exempt under Section 109 (CC) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay, **either electronically or manually**, a tax equivalent to **three percent (3%) of his gross quarterly sales**: Provided, That cooperatives, shall be exempt from the three percent (3%) tax herein imposed: Provided, further, That effective July 1, 2020 until June 30, 2023, the rate shall be one percent (1%).

## Formula:

Tax Base: Gross Sales		Pxxx
Multiply: Percentage Tax Rate	<u>3%</u>	
Percentage tax due		<u>Pxxx</u>

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 117. *Percentage Tax on Domestic Carriers and Keepers of Garages.* – Cars for rent or hire driven by the lessee, transportation contractors, including persons who transport passengers for hire, and other domestic carriers by land, for the transport of passengers (except owners of bancas and owners of animal-drawn two wheeled vehicle), and keepers of garages shall pay a tax equivalent to **three percent (3%) of their quarterly gross sales.**

The gross sales of common carriers derived from their incoming and outgoing freight shall not be subjected to the local taxes imposed under Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

## Formula:

Tax Base: Gross Sales		Pxxx
Multiply: Percentage Tax Rate	<u>3%</u>	
Common Carrier's Tax (CCT)	<u>Pxxx</u>	

## Tax Base:

### *Higher of*

1. Gross Sales, or
2. Minimum Gross Receipts

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 118 *Percentage Tax on International Carriers.* –

(A) International **air carriers** doing business in the Philippines on their gross sales derived from transport of cargo from the Philippines to another country shall pay a tax of **three percent (3%) of their quarterly gross sales.**

(B) International **shipping carriers** doing business in the Philippines on their gross sales derived from transport of cargo from the Philippines to another country shall pay a tax equivalent to **three percent (3%) of their quarterly gross sales.**

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

## Formula:

$$\begin{array}{l} \text{Tax Base: Gross Sales} \\ \text{Multiply: Percentage Tax Rate} \\ \text{Common Carrier's Tax (CCT)} \end{array} \quad \begin{array}{l} P_{xxx} \\ 3\% \\ \underline{P_{xxx}} \end{array}$$



## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 119. *Tax on Franchises.* – Any provision of general or special law to the contrary notwithstanding, there shall be levied, assessed and collected in respect to all **franchises on radio and/or television broadcasting companies** whose annual gross sales of the preceding year do not exceed Ten million pesos (P10,000,000.00), subject to Section 236 of this Code, a tax of **three percent (3%)** and on **gas and water utilities**, a tax of **two percent (2%) on the gross sales** derived from the business covered by the law granting the franchise: Provided, however, That radio and television broadcasting companies referred to in this Section shall have an option to be registered as a value-added taxpayer and pay the tax due thereon: Provided, further, That **once the option is exercised, said option shall be irrevocable.**

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

Summary Rules Applicable to Radio &/or Television Broadcasting Companies	
<u>Annual Gross Sales</u>	<u>Business Tax</u>
More than P10,000,000 Prior Year	VAT
P10,000,000 and below Prior Year	VAT or OPT. If the taxpayer opted to register under the VAT system, said option shall be irrevocable

## Formula:

Tax Base: Gross Sales

Multiply: Percentage Tax Rate

Franchise Tax

Pxxx

2% OR 3%

Pxxx

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 120. *Tax on Overseas Dispatch, Message or Conversation Originating from the Philippines.* -

(A) Persons Liable. - There shall be collected upon every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment service, a tax of **ten percent (10%) on the amount billed for such services**. The tax imposed in this Section shall be payable by the person paying for the services rendered and shall be paid to the person rendering the services who is required to collect and pay the tax within twenty (20) days after the end of each quarter.

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

(B) Exemptions. - The tax imposed by this Section shall not apply to:

- (1) Government. - **Amounts billed** for messages transmitted by the Government of the Republic of the Philippines or any of its political subdivisions or instrumentalities;
- (2) Diplomatic Services. - **Amounts billed** for messages transmitted by any embassy and consular offices of a foreign government;
- (3) International Organizations. - **Amounts billed** for messages transmitted by a public international organization or any of its agencies based in the Philippines enjoying privileges, exemptions and immunities which the Government of the Philippines is committed to recognize pursuant to an international agreement; and

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

(4) News Services. - **Amounts billed** for messages from any newspaper, press association, radio or television newspaper, broadcasting agency, or newstickers services, to any other newspaper, press association, radio or television newspaper broadcasting agency, or newsticker service or to a bona fide correspondent, which messages deal exclusively with the collection of news items for, or the dissemination of news item through, public press, radio or television broadcasting or a newsticker service furnishing a general news service similar to that of the public press.

## Formula:

Tax Base: Amount Billed for services	Pxxx
Multiply: Percentage Tax Rate	
<u>10%</u>	
Overseas Communication Tax (OCT)	Pxxx

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 121. *Tax on Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions.* - There shall be collected a tax on a gross receipt derived from sources within the Philippines by all banks and non-bank financial intermediaries in accordance with the following schedule:

(a) On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less                      5%

Maturity period is more than five years                      1%

## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

- (b) On dividends and equity shares and net income of subsidiaries 0%
- (c) On royalties, rentals of property, real or personal, profits, from exchange and all other items treated as gross income under Section 32 of this Code 7%
- (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives, and other similar financial instruments. 7%

Provided, however, That in case the maturity period referred to in paragraph (a) is shortened thru pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate of tax shall be applied accordingly.

## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

Provided, finally, That the generally accepted accounting principles as may be prescribed by the Bangko Sentral ng Pilipinas for the bank or non-bank financial intermediary performing quasi-banking functions shall likewise be the basis for the calculation of gross receipts.

Nothing in this Code shall preclude the Commissioner from imposing the same tax herein provided on persons performing similar banking activities.



## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 122. *Tax on Other Non-Bank Financial Intermediaries.* [122]- There shall be collected a tax of five percent (5%) on the gross receipts derived by other non-bank financial intermediaries doing business in the Philippines, from interests, commissions, discounts and all other items treated as gross income under this code.: Provided, That interests, commissions and discounts from lending activities, as well as income from financial leasing, shall be taxed on the basis of the remaining maturities of the instruments from which such receipts are derived, in accordance with the following schedule:

Maturity period is five years or less      5%

Maturity period is more than five years      1%

## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

Provided, however, That in case the maturity period is shortened thru pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate of tax shall be applied accordingly.

Provided, finally, That the generally accepted accounting principles as may be prescribed by the Securities and Exchange Commission for other non-bank financial intermediaries shall likewise be the basis for the calculation of gross receipts.

Nothing in this Code shall preclude the Commissioner from imposing the same tax herein provided on persons performing similar financing activities.

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 123. Tax on Life Insurance Premiums. – There shall be collected from every person, company or corporation (except purely cooperative companies or associations) doing **life insurance business of any sort in the Philippines** a tax of **two percent (2%) of the total premium collected**, whether such premiums are paid in money, notes, credits or any substitute for money; but premiums refunded within six (6) months after payment on account of rejection of risk or returned for other reason to a person insured shall not be included in the taxable receipts; nor shall any tax be paid upon reinsurance by a company that has already paid the tax; nor upon doing business outside the Philippines on account of any life insurance of the insured who is a nonresident, if any tax on such premium is imposed by the foreign country where the branch is established nor upon premiums collected or received on account of any reinsurance , if the insured, in case of personal insurance, resides outside the Philippines, if any tax

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] on such premiums is imposed by the foreign country where the original insurance has been issued or perfected; nor upon that portion of the premiums collected or received by the insurance companies on variable contracts (as defined in Section 232(2) of Presidential Decree No. 612), in excess of the amounts necessary to insure the lives of the variable contract workers.

‘Cooperative companies or associations’ are such as are conducted by the members thereof with the money collected from among themselves and solely for their own protection and not for profit.

## Formula:

$$\begin{array}{l} \text{Premiums collected} \\ \text{Multiply: Percentage Tax Rate} \\ \text{Premiums tax} \end{array} \qquad \qquad \qquad \begin{array}{l} \text{Pxxx} \\ \underline{2\%} \\ \text{Pxxx} \end{array}$$

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 124. *Tax on Agents of Foreign Insurance Companies.* - Every fire, marine or miscellaneous insurance agent authorized under the Insurance Code to procure policies of insurance as he may have previously been legally authorized to transact on risks located in the Philippines for companies not authorized to transact business in the Philippines shall pay a tax equal to twice the tax imposed in Section 123: Provided, That the provision of this Section shall not apply to reinsurance: Provided, however, That the provisions of this Section shall not affect the right of an owner of property to apply for and obtain for himself policies in foreign companies in cases where said owner does not make use of the services of any agent, company or corporation residing or doing business in the Philippines. In all cases where owners of property obtain insurance directly with foreign companies, it shall be the duty of said owners to report to the Insurance Commissioner and to the Commissioner each case where insurance has been so

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] effected, and shall pay the tax of **five percent (5%) on premiums paid**, in the manner required by Section 123.

## Formula:

### Agents

Premiums collected		Pxxx
Multiply: Percentage Tax Rate	4%	
Premiums tax		
<u>Pxxx</u>		

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

**Formula:**

**Owners of property**

Premium payments		Pxxx
Multiply: Percentage Tax Rate	5%	
Premiums tax		
<u>Pxxx</u>		

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 125. *Amusement Taxes.* – There shall be collected from the proprietor, lessee or operator of cockpits, cabarets, night or day clubs, boxing exhibitions, professional basketball games, Jai-Alai and racetracks, a tax equivalent to:

- (a) **Eighteen percent (18%)** in the case of **cockpits**;
- (b) **Eighteen percent (18%)** in the case of **cabarets, night or day clubs**;
- (c) **Ten percent (10%)** in the case of **boxing exhibitions**: Provided, however, That boxing exhibitions wherein World or Oriental Championships in any division is at stake shall be exempt from amusement tax: Provided, further, That at least one of the contenders for World or Oriental Championship is a citizen[s] of the Philippines and said exhibitions are promoted by a citizen/s



## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] of the Philippines or by a corporation or association at least sixty percent (60%) of the capital of which is owned by such citizens;

(d) **Fifteen percent (15%)** in the case of **professional basketball games** as envisioned in Presidential Decree No. 871: Provided, however, That the tax herein shall be in lieu of all other percentage taxes of whatever nature and description; and

(e) **Thirty percent (30%)** in the case of **Jai-Alai and racetracks** - of their gross receipts, irrespective, of whether or not any amount is charged for admission.

## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

For the purpose of the amusement tax, the term 'gross receipts' embraces all the receipts of the proprietor, lessee or operator of the amusement place. Said gross receipts also include income from television, radio and motion picture rights, if any. A person or entity or association conducting any activity subject to the tax herein imposed shall be similarly liable for said tax with respect to such portion of the receipts derived by him or it.

The taxes imposed herein shall be payable at the end of each quarter and it shall be the duty of the proprietor, lessee or operator concerned, as well as any party liable, within twenty (20) days after the end of each quarter, to make a true and complete return of the amount of the gross receipts derived during the preceding quarter and pay the tax due thereon.

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

## Formula:

Gross receipts

Pxxx

Multiply: Percentage Tax Rate

xxx%

Amusement tax

<del>Amusement</del> Places	Tax Rate
Boxing exhibition	10% or Exempt
Professional Basketball games	15%
Cockpits, Cabarets, Night or Day Clubs	18%
Jai-alai and Racetracks	30%

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SECTION 125-A *Gaming Tax on Services Rendered by Offshore Gaming Licensees.* – Any provision of existing laws, rules or regulations to the contrary notwithstanding, the **entire gross gaming revenue or receipts or the agreed predetermined minimum monthly revenue or receipts from gaming, whichever is higher, shall be levied, assessed, and collected a gaming tax equivalent to (5%), in lieu of all other direct and indirect internal revenue taxes and local taxes, with respect to gaming income:** Provided, That the gaming tax shall be directly remitted to the Bureau of Internal Revenue not later than the 20th day following the end of each month: Provided, further, That the Philippine Amusement and Gaming Corporation or any special economic zone authority or tourism zone authority or freeport authority may impose regulatory fees on offshore gaming licensees which shall not cumulatively exceed **two percent (2%) of the gross gaming revenue or receipts derived from gaming operations and**

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] **similar related activities of all offshore gaming licensees or a predetermined minimum guaranteed fee, whichever is higher:** Provided, furthermore, That for purposes of this Section, gross gaming revenue or receipts shall mean gross wages less payouts: Provided, finally, That the taking of wagers made in the Philippines and the grave failure to cooperate with the third-party auditor shall result in the revocation of the license of the offshore gaming licensee. (RA 11950, An Act Taxing POGOs)

**Formula:** (RR 20-2021)

Gross Wagers	Pxxx	
Less: Payouts		(xxx)
Gross Gaming Revenue (GGR)	<u>Pxxx</u>	

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] vs. Agreed Predetermined Minimum Monthly Revenue (APMMR)

Higher amount bet. GGR and APMMR

Pxxx

Gaming Tax Rate

5%

Gaming Tax

Pxxx

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 126. *Tax on Winnings.* – Every person who wins in horse races shall pay a tax equivalent to **ten percent (10%) of his winnings or 'dividends'**, the tax to be based on the actual amount paid to him for every winning ticket after deducting the cost of the ticket: Provided, That in the case of **winnings from double, forecast/quinella and trifecta bets**, the tax shall be **four percent (4%)**. In the case of **owners** of winning race horses, the tax shall be **ten percent (10%) of the prizes**.

The tax herein prescribed shall be deducted from the **'dividends'** corresponding to each winning ticket or the **'prize'** of each winning race horse owner and withheld by the operator, manager or person in charge of the horse races before paying the dividends or prizes to the persons entitled thereto

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

The operator, manager or person in charge of horse races shall, within **twenty (20) days from the date the tax was deducted and withheld** in accordance with the second paragraph hereof, file a true and correct return with the Commissioner in the manner or form to be prescribed by the Secretary of Finance, and pay within the same period the total amount of tax so deducted and withheld. (BIR Form 1600 WP)



# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

**Formula:**

**Owner of the winning horse**

Gross Prize/Winnings

Pxxx

Multiply by: Percentage Tax Rate

10%

Tax on winnings

Pxxx

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

**Formula:**

**Bettor in a horse race**

	Ordinary	Special	
Gross winnings or dividends	winnings	winnings	
Less: Cost of winning tickets		Pxxx (xxx)	
Net winnings			<u>Pxxx</u>
Pxxx			
Multiply by: Percentage Tax Rate			<u>10%</u>
	4%		
Tax on Winnings			

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 127. *Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange or through Initial Public Offering.* -

(A) Tax on Sale, Barter or Exchange of Shares of Stock Listed and Traded through the Local Stock Exchange. - There shall be levied, assessed and collected on every sale, barter, exchange, or other disposition of shares of stock listed and traded through the local stock exchange other than the sale by a dealer in securities, a tax at the rate of **six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed** which shall be paid by the seller or transferor.

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

## Formula:

Gross Selling Price (GSP)		Pxxx
Multiply by: Percentage Tax Rate	<u>.006%</u>	
Stock Transaction Tax		<u>Pxxx</u>

**(B) Repealed under Section 6 of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act."**

(C) Return on Capital Gains Realized from Sale of Shares of Stocks. –

## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

**(1) Return on Capital Gains Realized from Sale of Shares of Stock Listed and Traded in the Local Stock Exchange.**– It shall be the duty of every stock broker who effected the sale subject to the tax imposed herein to collect the tax and remit the same to the Bureau of Internal Revenue within **five (5) banking days from the date of collection thereof** and to submit on Mondays of each week to the secretary of the stock exchange, of which he is a member, a true and complete return which shall contain a declaration of all the transactions effected through him during the preceding week and of taxes collected by him and turned over to the Bureau of Internal Revenue.

**(2) Return on Public Offerings of Shares of Stock.**– In case of primary offering, the corporate issuer shall file the return and pay the corresponding tax within **thirty (30) days from the date of listing of the shares of stock in**

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] **the local stock exchange.** In the case of secondary offering, the provision of Subsection (C) (1) of this Section shall apply as to the time and manner of the payment of the tax. (BIR Form 2552)

(D) Common Provisions. - any gain derived from the sale, barter, exchange or other disposition of shares of stock under this Section shall be exempt from the tax imposed in Sections 24(C), 27(D)(2), 28(A)(8)(c), and 28(B)(5)(c) of this Code and from the regular individual or corporate income tax. Tax paid under this Section shall not be deductible for income tax purposes.

# Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

SEC. 128. *Returns and Payment of Percentage Taxes.* -

(A) Returns of Gross Sales or Earnings and Payment of Tax. -

(1) Persons Liable to Pay Percentage Taxes. - Every person subject to the percentage taxes imposed under this Title shall file, either electronically or manually, a quarterly return of the amount of the person's gross sales or earnings and pay, either electronically or manually, with **any** authorized agent bank, Revenue District Office through Revenue Collection Officer or authorized tax software provider, the tax due thereon within **twenty-five (25) days after the end of each taxable quarter**: Provided, That in the case of a person whose VAT registration is cancelled and who becomes liable to the tax imposed in Section 116 of this Code, the tax shall accrue from the date of cancellation and shall be paid

## Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)

[cont.] in accordance with the provisions of this Section. (BIR Form 2551Q)

(2) Person Retiring from Business. - Any person retiring from a business subject to percentage tax shall notify the nearest internal revenue officer, file, either electronically or manually, the person's return and pay, either electronically or manually, the tax due thereon within **twenty (20) days after closing the business.**

(3) Determination of Correct Sales or Receipts. - When it is found that a person has failed to issue receipts or invoices, or when no return is filed, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the Commissioner, after taking into account the sales, receipts or other taxable base of other persons engaged in similar



## **Other Percentage Taxes (OPT) (Section 116-127 of the Tax Code, as amended by TRAIN Law, CREATE Law, and EOPT Act)**

[cont.] businesses under similar situations or circumstances, or after considering other relevant information may prescribe a minimum amount of such gross receipts, sales and taxable base and such amount so prescribed shall be prima facie correct for purposes of determining the internal revenue tax liabilities of such person.