

**Comparison of significant provisions of House Bill (HB) No. 5636 and Senate Bill (SB) No. 1592**

	House Bill (HB) No. 5636	Senate Bill (SB) NO. 1592
<b>I. Individual Income Tax</b>		
1. Revised Individual Income Tax Schedule [Section 24(A)]	<p>1. On the income tax rate schedule applicable in 2018, 2019, and 2020 – HB 5636 replaces the existing 5% - 32% graduated income tax rates with 0%-35% tax rate schedule with tax brackets reduced from seven to six, and thresholds for each tax bands adjusted, as follows:</p> <p>Not Over P250,000 – 0%            Over P250,000 – P400,000 - 20% of excess over P250,000            Over P400,000 – P800,000 - P30,000 + 25% of amount over P400,000            Over P800,000 - P2M – P130,000 + 30% of amount over P800,000            Over P2M - P5M – P490,000 + 32% of the amount over P2M            Over P5M – P1,450,000 + 35% of amount Over P5M</p>	<p>1. On the income tax rate schedule applicable in 2018, 2019, and 2020 - SB 1592 replaces the existing 5% - 32% graduated income tax rates with 0%-32% tax rate schedule with tax brackets reduced from seven to six, and thresholds for each tax bands adjusted, as follows:</p> <p>Not Over P150,000 – exempt            Over P150,000 - P250,000 - 15% of amount over P150,000            Over P250,000 - P400,000 - P15,000 + 20% of amount over P250,000            Over P400,000 - P800,00 - P45,00 + 25% of amount over P400,000            Over P800,000 - P2M – P145,000 + 30% of amount over P800,000            Over P2M – P505,000 + 32% of the amount over P2M</p> <p>Under SB 1592, the tax-exempt income threshold is set at P150,000 and below, compared to P250,000 under HB 5636.</p>

	<p>2. Income tax schedule beginning 1 January 2021 – HB 561 reduces by 5% the applicable tax rate on income tax bracket from P250,000 to P2M, and by 2% from 32% to 30% the applicable tax rate on P2M to P5M tax.</p> <p>Not Over P250,000 – 0%  Over P250,000 – P400,000 - 15% of amount over P250,000  Over P400,000 – P800,000 - P30,000 + 20% of amount over P400,000  Over P800,000 – P2M - P130,000 + 25% of amount over P800,000  Over P2M – P5M - P490,000 + 30% of the amount over P2M  Over P5M - P1,450,000 + 35% of amount over P5M</p> <p>After 2022, the taxable income levels and base in the schedule shall be adjusted every three years considering the three-year cumulative CPI inflation rate.</p>	<p>2. Income tax schedule beginning 2021 and every three years thereafter - The taxable income levels and base in the schedule shall automatically be adjusted upward to its present value using the consumer price index (CPI).</p>
<p>2. Increase in the amount of tax-exempt 13<sup>th</sup> month pay and other bonuses [Section 32 B(1)(7)(e)]</p>	<p>Increases the amount of tax-exempt 13<sup>th</sup> month pay and other benefits from P82,000 to P100,000</p>	<p>No change</p>
<p>3. Removal of the personal and additional exemption allowances [Section 35]</p>	<p>Eliminates the personal and additional exemption allowances.</p>	<p>Removes the personal exemption allowance but retains the P25,000 additional exemption allowance for each dependent not exceeding four.</p> <p>Beginning 2021, the additional exemption shall be adjusted <i>automatically</i> upward to its present value using the cumulative consumer price index (CPI).</p> <p>Removes the word “legally”, which is one of the conditions for entitlement to additional exemption allowance for dependents in the case of separated spouses under Section 35 of the Tax Code.</p>
<p>4. Removal of the income tax</p>	<p>Removes the income tax exemption of minimum wage earners. The exemption of MWEs is proposed to be</p>	<p>No change</p>

exemption of minimum wage earners [Section 22(GG) and (HH), and 24]	incorporated in the revised income tax schedule through the exemption of individual taxpayers earning not more than P250,000 annual gross income.	
5. Deductibility of premium payments on health and hospitalization insurance [Section 34(M)]	Deleted. Premium payments on health and hospitalization insurance shall no longer be deductible under HB 5636.	<ol style="list-style-type: none"> <li>Increases the deductions for premium payments on health and hospitalization insurance of an individual taxpayer from P2,400 to P6,000, or from P200 to P500 per month per family with gross income of not more than P500,000 (previously, P250,000).</li> <li>Beginning 2021 and every three years thereafter, the amount of premiums and family income shall automatically be adjusted using the cumulative CPI.</li> </ol>
6. Gradual phase out of fringe benefit tax [Section 33]	Gradual phase out of fringe benefit tax (FBT). Effective 1 January 2018, the FBT rate shall be reduced from 32% to 30%, and effective 2022, fringe benefits received by managerial/supervisory employees shall form part of compensation income subject to regular income tax rates.	No change
7. Imposition of fixed tax rate on income of self-employed individuals and professionals [Section 24(B)]	<ol style="list-style-type: none"> <li><i>For self-employed and/or professionals whose gross sales or gross receipts do not exceed the VAT threshold of P3M</i> - They shall be subject to 8% income tax on gross sales or gross receipts in excess of P250,000. The 8% tax shall be in lieu of percentage tax.</li> <li><i>For self-employed and/or professionals whose gross sales or gross receipts exceed the P3M VAT threshold</i> - They shall be taxed in the same manner as corporations as to applicable tax rate, minimum income tax, and allowable deductions.</li> <li><i>Renewal of professional license.</i> HB 5636 requires professionals to present certificate of tax payment from the BIR or certified true copy of the latest income tax return upon application for renewal of their license.</li> </ol>	<p><i>Optional tax treatment of income of self-employed individuals and professionals</i></p> <ol style="list-style-type: none"> <li>Self-employed individuals and professionals may, at their option, be subject to either 8% on gross sales or receipts and other non-operating income in excess of income subject to 0% tax or regular individual income tax rates.</li> <li>For mixed income earners - The graduated income tax rates for compensation income, and 8% tax based on gross sales or receipts and other non-operating income from business or practice of profession in excess of the income subject to 0% tax or graduated income tax rates, at the option of the taxpayer.</li> </ol> <p><i>Irrevocability rule.</i> Unless the taxpayer signifies its intention to be taxed at 8%, the taxpayer shall be considered as having availed of the graduated income tax rates. The election made in the tax return is irrevocable</p>

		for a period of three years from the taxable year the election was made.
8. Elimination of the 15% preferential tax rate on aliens employed by ROHQs/RHQs, OBUs and petroleum contractors and subcontractors	Removes the 15% preferential tax rate on gross income of aliens as well as Filipinos employed by Regional Operating Headquarters (ROHQs)/Regional Area Headquarters (RHQs), Offshore Banking Units (OBUs), and petroleum contractors and subcontractors to the 15% preferential tax.	Removes the 15% preferential tax rate on gross income of employees of ROHQs/RHQs, OBUs, and petroleum contractors and subcontractors starting 1 January 2018, except those enjoying the 15% tax rate prior to 1 January 2018 who shall continue to be subject to the preferential tax rate until the end of their current employment.
9. Adoption of uniform 20% tax on passive incomes [Section 24(B)(1) & (2) and (C)]	<ol style="list-style-type: none"> <li>1. Removes the exemption from tax of PCSO and lotto winnings.</li> <li>2. No change on the 7.5% final tax on interest income on foreign currency bank deposits, 10% tax on dividends, and 5%/10% on capital gains on sale of shares of stock.</li> </ol> <p>(Note: Under SB 1592, only PCSO and lotto winnings amounting to more than P100,000 shall be subject to 20% final withholding tax.)</p>	<ol style="list-style-type: none"> <li>1. <b>PCSO and Lotto Winnings</b> – Subjects to 20% final withholding tax PCSO and lotto winnings amounting to more than <b>P100,000</b>.</li> <li>2. <b>Interest income on foreign currency bank deposits</b> – Increases the tax rate on interest income received by an individual taxpayer from foreign currency bank deposit from 7.5% to <b>20%</b>.</li> <li>3. <b>Dividends</b> – Increases the final tax rate on cash and/or property dividends received by individuals from 10% to <b>20%</b>.</li> <li>4. <b>Capital gains tax on sale of shares of stock</b> – Replaces the two-tiered rate of 5% and 10% tax on the sale, transfer, or exchange of shares of stock with a fixed rate of <b>20%</b>.</li> </ol>
10. Optional Standard Deduction [Section 34(L)]	<p>Removes the option to elect 40% optional standard deduction (OSD) based on gross sales or gross receipts for individuals engaged in business and practice of profession.</p> <p>For self-employed individuals and/or professionals whose gross sales or gross receipts exceed the P3M VAT threshold, they shall be taxed as a corporation, hence, allowed to claim the 40% OSD based on gross income.</p>	<ol style="list-style-type: none"> <li>1. Adopts 40% OSD on gross income applicable to individuals engaged in business, general professional partnerships and its members, and corporations.</li> <li>2. Added a proviso allowing GPPs and its partners to avail of the OSD only once.</li> </ol>
<b>II. Estate Tax</b>		
On the estate tax rate, allowable deductions, and filing of estate returns [Section 84 - 86]	<ol style="list-style-type: none"> <li>1. Imposes a fixed 6% estate tax based on net estate, in lieu of graduated estate tax rates.</li> <li>2. Increases the deduction for family home from P1M to P3M, with requirement to adjust every three years beginning 2018 the ceiling fair market value of the</li> </ol>	<ol style="list-style-type: none"> <li>3. Imposes a fixed 6% estate tax based on net estate, in lieu of the current graduated estate tax rates.</li> <li>4. Increases the standard deduction from P1M to P5M and a new proviso will be inserted which provides that beginning 2023 and every five years thereafter, the</li> </ol>

	family home using a three-year cumulative CPI. Removed under SB 1592.	<p>standard deduction shall be increased automatically using the CPI.</p> <ol style="list-style-type: none"> <li>5. Removes the deduction for funeral expenses, judicial expenses, family home, and medical expenses incurred by decedent.</li> <li>6. Introduces deduction for the decedent's family equivalent to the fair market value of the family farm up to three hectares subject to certain conditions.</li> <li>7. Increases the threshold value of estate from P200,000 to P5M where the estate tax return to be filed should be supported by a statement duly certified by a CPA.</li> <li>8. Removes requirement for filing a written notice to the Commission of decedent's death.</li> <li>9. Extends the deadline for filing the estate tax return from six months to one year.</li> <li>10. Increases the threshold amount that the heirs of the decedent can withdraw without authority from the BIR from P200,000 to P500,000.</li> </ol>
<b>III. Donor's Tax</b>		
On donor's tax rate, exempt donations, and treatment of sale for less than adequate and full consideration [Section 99 - 101]	Imposes a uniform 6% donor's tax, in lieu of the prevailing graduated estate tax rates, and 30% donor's tax on donations made by strangers. The 6% donor's tax shall be based on total gifts in excess of P100,000 exempt gifts.	<ol style="list-style-type: none"> <li>1. Imposes a uniform 6% donor's tax, in lieu of graduated estate tax rates and 30% donor's tax on donations made to strangers. The 6% donor's tax shall be based on total gifts in excess of P100,000 exempt gifts.</li> <li>2. The sale, exchange, or other transfer of property made in the ordinary course of business (bona fide transaction and at arm's length) shall be considered made for adequate and full consideration in money and money's worth, hence, not subject to donor's tax.</li> <li>3. Removes the first P10,000 exemption from donor's tax of dowries or gifts made on account of marriage.</li> </ol>
<b>IV. Value-Added Tax</b>		
1. On VAT zero-rated transactions [Section 106(A)(2) and 108(B)]	<p><i>VAT zero-rated sale of goods</i></p> <ol style="list-style-type: none"> <li>1. Clarifies that the VAT zero rating of sale of goods, supplies, equipment, and fuel to persons engaged in international shipping or international airport operations is limited to those used for international shipping or air transport operations.</li> </ol>	<p><i>VAT zero-rated sale of goods</i></p> <ol style="list-style-type: none"> <li>1. Inserts a new proviso on the VAT zero-rating of sale and actual shipment of goods to special economic zones and freeport zones.</li> <li>2. Clarifies that the VAT zero rating of sale of goods, supplies, equipment, and fuel to persons engaged in international shipping or international airport</li> </ol>

	<p>2. Sale of raw materials or packaging materials to a nonresident for delivery to a resident, sale of raw materials to export-oriented enterprises whose export sales exceed 70%, and export sales under Executive Order No. 226 (Omnibus Investment Code) shall no longer be treated as zero-rated sale upon establishment and implementation of VAT refund system, which will give the taxpayers actual refund or denial within 90 days from the date of filing of VAT refund application.</p> <p>3. Sale to a non-resident of goods assembled or manufactured in the Philippines for delivery to a resident in the Philippines, paid for in acceptable foreign currency and accounted with the Bangko Sentral ng Pilipinas (BSP) rules and regulations shall no longer be treated as VAT zero-rated sales.</p> <p><i>VAT zero-rated sale of services</i></p> <p>1. Clarifies that the VAT zero rating of sale of services to persons engaged in international shipping or international airport operations only covers those rendered exclusively for international shipping or air transport operations.</p> <p>2. For clarity, specifies that transport of passengers and cargo by “domestic” air or sea vessels from the Philippines to a foreign country is a VAT zero rated transaction.</p> <p>3. Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed 70% of total annual production shall no longer be treated as VAT zero-rated sale upon establishment and implementation of VAT refund system, which will give the taxpayers actual refund or denial within 90 days from the date of filing of VAT refund application.</p>	<p>operations is limited to those used for international shipping or air transport operations.</p> <p>3. Sale of raw materials or packaging materials to a nonresident for delivery to a resident, sale of raw materials to export-oriented enterprises whose export sales exceed 70%, and export sales under Executive Order No. 226 (Omnibus Investment Code) shall no longer be treated as zero-rated sale upon successful establishment and implementation of enhanced VAT refund system.</p> <p>4. Sale to a non-resident of goods assembled or manufactured in the Philippines for delivery to a resident in the Philippines, paid for in acceptable foreign currency and accounted with the Bangko Sentral ng Pilipinas (BSP) rules and regulations shall no longer be treated as VAT zero-rated sales.</p> <p>5. All pending VAT refund claims as of 31 December 2018 shall be fully paid in cash.</p> <p><i>VAT zero-rated sale of services</i></p> <p>1. Inserts a new proviso on the VAT zero-rating of the sale of services to entities registered with the special economic zones and freeport zones</p> <p>2. Clarifies that the VAT zero rating of sale of services to persons engaged in international shipping or international airport operations only covers those rendered exclusively for international shipping or air transport operations.</p> <p>3. For clarity, specifies that transport of passengers and cargo by “domestic” air or sea vessels from the Philippines to a foreign country is a VAT zero rated transaction.</p> <p>4. Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed 70% of total annual production shall no longer be treated as VAT zero-rated sale upon successful establishment and implementation of enhanced VAT refund system.</p>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>2. VAT-exempt transactions [Section 109]</p>	<ol style="list-style-type: none"> <li>1. Clarifies that persons coming to settle in the Philippines or Filipinos or their families considered now as residents or citizens of other countries such as OFWs may import certain goods VAT free including their personal and household effects in quantities and of class suitable to the profession, rank, or position of the person importing said items, for their own use and not for barter or sale, or arriving within a reasonable time.</li> <li>2. Removes the VAT exemption of low-cost housing. Sale of socialized housing shall continue to be VAT-exempt until the establishment of a housing voucher system.</li> <li>3. Removes the VAT exemption on sale of residential lots, house and lot, and other residential dwellings.</li> <li>4. Removes the VAT exemption of rental on residential property.</li> <li>5. Clarifies that the VAT exemption on importation of fuel, goods, and supplies by persons engaged in international shipping or international airport operations only covers those used for international shipping or air transport operations.</li> <li>3. Inserts a new proviso incorporating the provision of Expanded Senior Citizen's Act (RA 9954) and Persons with Disability Act (RA 10754) exempting from VAT the sale or lease of goods and services to senior citizens and persons with disabilities.</li> <li>4. Increases the VAT-exempt threshold on sale or lease of goods or properties or the performance of services from P1.5M gross annual sales and/or receipts to P3M. The amount of VAT-exempt sales shall be increased not later than 31 January 2021 and every three years thereafter using the CPI.</li> </ol>	<ol style="list-style-type: none"> <li>1. Clarifies that persons coming to settle in the Philippines or Filipinos or their families considered now as residents or citizens of other countries such as OFWs may import certain VAT free goods including their personal and household effects in quantities and of class suitable to the profession, rank, or position of the person importing said items, for their own use and not for barter or sale, or arriving within a reasonable time.</li> <li>2. Removes the VAT exemption of low-cost housing.</li> <li>3. Removes the VAT exemption of residential lots valued at P1.5M.</li> <li>4. Limits the VAT-exempt sale of house and lot and other residential dwellings to properties located outside Metro Manila with selling price of not more than P2M.</li> <li>5. Increases the monthly VAT-exempt threshold amount of rental on residential property from P10,000 to P12,800. The amount of VAT-exempt rental shall be increased not later than 31 January 2021 and every three years thereafter using the CPI.</li> <li>6. Clarifies that that the VAT exemption on importation of fuel, goods, and supplies by persons engaged in international shipping or international airport operations only covers those used for international shipping or air transport operations.</li> <li>7. Inserts a new proviso incorporating the provision of Expanded Senior Citizen's Act (RA 9954) and Persons with Disability Act (RA 10754) exempting from VAT the sale or lease of goods and services to senior citizens and persons with disabilities.</li> <li>8. Inserts a new proviso specifying that transfer of property pursuant to Section 40(C)(2) of the Tax Code shall be treated as a VAT-exempt transaction.</li> <li>9. Increases the VAT-exempt threshold on sale or lease of goods or properties or the performance of services from P1.5M gross annual sales and/or receipts to P3M. The amount of VAT exempt sales shall be increased not later than 31 January 2021 and every three years thereafter using the CPI.</li> </ol>
<p>5. VAT refund claims [Section 112(C)]</p>	<p>Mandates the establishment of a VAT refund system that will give taxpayers actual refund or denial within 90 days from the date of filing of VAT refund application.</p>	<p>Reduces the period within which a claim for refund of excess unutilized input VAT should be made by the BIR</p>

		from 120 days to 90 days from the date of submission of documents.
6. Transactions subject to 12% final withholding VAT [Section 114(C)]	None	Excludes payments for purchases of goods and services arising from projects funded by Official Development Assistance (ODA) among the transactions subject to 12% final withholding VAT.
7. Persons exempt from VAT (Section 116)	Exempts from VAT self-employed individuals and professionals whose gross sales or gross receipts do not exceed the VAT threshold and who opt to pay the 8% tax.	Exempts from VAT self-employed individuals and professionals whose gross sales or gross receipts do not exceed the VAT threshold and who opt to pay the 8% tax.
<b>V. Excise Taxes</b>		



1. Excise tax on manufactured oils and other fuels (Section 148)	Petroleum product/current excise tax	Proposed Excise Tax Rates			Petroleum product/current excise tax	Proposed Excise Tax Rates		
		2018	2019	2020		2018	2019	2020
	Lubricating oils and greases (P4.50)	P7.00	P9.00	P10.00	Lubricating oils and greases (P4.50)	P6.00	P8.00	P10.00
	Processed gas (P0.05)	P3.00	P5.00	P6.00	Processed gas (P0.05)	P1.75	P3.75	P6.00
	Waxes and petrolatum (P3.50)	P7.00	P9.00	P10.00	Waxes and petrolatum (P3.50)	P6.00	P8.00	P10.00
	Denatured alcohol for motive power (P0.05)	P3.00	P5.00	P6.00	Denatured alcohol for motive power (P0.05)	P1.75	P3.75	P6.00
	Naptha, regular gasoline, pyrolysis gasoline (P4.35)	P7.00	P9.00	P10.00	Naptha, regular gasoline, pyrolysis gasoline (P4.35)	P6.00	P8.00	P10.00
	Leaded premium gasoline (P5.35)	P7.00	P9.00	P10.00	Unleaded premium gasoline (P4.35)	P6.00	P8.00	P10.00
	Unleaded premium gasoline (P4.35)	P7.00	P9.00	P10.00	Aviation turbo jet fuel (P3.67)	P4.00	P4.00	P4.00
	Aviation turbo jet fuel (P3.67)	P7.00	P9.00	P10.00	Kerosene (P0.0)	P0.0	P0.0	P0.0
	Kerosene (P0.0)	P3.00	P5.00	P6.00	Diesel fuel (P0.0)	P1.75	P3.75	P6.00
	Diesel fuel (P0.0)	P3.00	P5.00	P6.00	Liquefied petroleum gas (P0.0)	P1.00	P2.00	P3.00
	Liquefied petroleum gas (P0.0)	P3.00	P5.00	P6.00	Asphalts (P0.56)	P1.75	P3.75	P6.00
	Asphalts (P0.56)	P3.00	P5.00	P6.00	Bunker fuel (P0.0)	P1.75	P3.75	P6.00
	Bunker fuel (P0.0)	P3.00	P5.00	P6.00				
	<p><i>Suspension of excise tax increase</i> – The scheduled increase in excise tax shall be suspended should the Dubai crude oil price reach US\$80 or more. Any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension.</p> <p><i>Marking of petroleum products</i> – Mandates the marking of all petroleum products.</p>				<p><i>Suspension of excise tax increase</i> – The scheduled increase in excise tax shall be implemented should the oil price barrel fall below US\$80, or when the inflation rate falls below the annual inflation target set by the DBCC and BSP. Any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension.</p> <p><i>Marking of petroleum products</i> – Provides authority to the Secretary of Finance to require the use of fuel marking or similar technology on petroleum products.</p>			

2. Excise tax on automobiles [Section 149]	Net manufacturing price/Importer's selling price	2018	2019	Net manufacturing price/Importer's selling price	2018	
	Up to P600,000	3%	4%	Up to P600,000	4%	
	Over P600,000 to P1.1 million	P18,000 + 30% of the value in excess of P600,000	P24,000 + 40% of value in excess of P600,000	Over P600,000 to P1.1 million	P24,000 + 35% of the value in excess of P600,000	
	Over P1.1 million to P2.1 million	P168,000 + 50% of value in excess of P1.1 million	P224,000 + 40% of value in excess of P1.1 million	Over P1.1 million to P2.1 million	P199,000 + 55% of value in excess of P1.1 million	
	Over P2.1 million to P3.1 million	P668,000 + 80% of value in excess of P2.1 million	P824,000 + 100% of value in excess of P2.1 million	Over P2.1 million to P3.1 million	P749,000 + 90% of value in excess of P2.1 million	
	Over P3.1 million	P1,468,000 + 90% of value in excess of P3.1 million	P1,824,000 + 120% of value in excess P3.1 million	Over P3.1 million	P1,649,000 + 100% of value in excess of P3.1 million	
3. Excise tax on cosmetic procedures	None			Imposes a 20% excise tax based on the gross sales/receipts derived from the performance of cosmetic procedures, surgeries, and body enhancements undertaken for aesthetic reasons (excluding reconstructive surgery or repair, reconstruction, and restoration of facial and bodily functions due to congenital disorders, trauma, burns, infections, disease and those intended to correct dysfunctional areas of the body.)		
4. Excise tax on sweetened beverages [Section 150-A]	1. Beverages containing purely locally produced sugar – P10 per liter of volume capacity 2. Others – P20 per liter of volume capacity			<b>Type of Sweetened Beverage</b>	<b>2018</b>	<b>After Two Years of Implementation</b>
	The excise tax rates shall be adjusted once every three years considering the effect of the three-year cumulative CPI inflation rate.			Sweetened beverages using purely caloric sweeteners	P5.00 per liter of volume capacity	0.05 per gram of sugar
				Sweetened beverages using purely coconut sap sugar or steviol glycosides	Exempt	Exempt
				Sweetened beverages using purely high fructose corn syrup or in combination with	P10.00	P10.00

		any caloric or non-caloric sweetener		
		Sweetened beverages using purely non-caloric or a mix of caloric and non-caloric sweeteners	P3.00 per liter of volume of capacity	P3.00 per liter of volume of capacity
5. Excise tax on mineral products [Section 151]	No change	Increases the excise tax on coal and coke from P10.00 to P20.		
<b>VI. Documentary Stamp Tax</b>				
1. DST on donation of property [Section 196]	No change	Subjects donations of real property to the same rate of DST on deeds of sale and conveyances of real property at P15 for each P1,000 under Section 196 of the Tax Code.		
2. DST on transfers exempt from donor's tax [Section 196]	No change.	Adds provision in Section 196 exempting transfers exempt from donor's tax under Section 101 (A) and (B), such as gifts made to qualified non-stock, non-profit organization, from DST.		
<b>VII. Others</b>				
1. Authority to obtain taxpayers' information [Section 5(B)]	<ol style="list-style-type: none"> <li>Broadens the authority of the Commissioner to obtain information in determining taxpayers' tax liability to include information from "government financial institutions".</li> <li>Mandates the establishment of electronic connectivity system that will allow exchange of information among different government agencies and instrumentalities such as BIR, LGUs, GFIs, and GOCCs.</li> </ol>	<ol style="list-style-type: none"> <li>Broadens the authority of the Commissioner to obtain information in determining taxpayers' tax liability to include information from "government financial institutions".</li> <li>Mandates the establishment of electronic connectivity system that will allow exchange of information among different government agencies and instrumentalities such as BIR, LGUs, GFIs, and GOCCs.</li> </ol>		
2. Authority to prescribe real property values [Section 6(B)]	No amendments	<ol style="list-style-type: none"> <li>Makes it mandatory for the BIR to consult independent appraisers in determining the zonal values of properties. Prior notification of affected taxpayers also mandated in determining the fair market values of properties.</li> <li>Requires publication of revised zonal values in a newspaper of general circulation in concerned local government unit or its posting in the provincial capitol, city, or municipal hall and in two other conspicuous public places.</li> <li>Automatic adjustment of zonal values once every three years subject to rules and regulations to be issued by the Secretary of Finance based on Philippine valuation standards.</li> </ol>		

3. Authority to inquire into and receive information on bank deposits [Section 6(C)]	<ol style="list-style-type: none"> <li>1. Grants the Commissioner the authority not only to inquire into but also receive information on the bank deposits and other related information held by financial institutions.</li> <li>2. Adopts the common reporting standards in the exchange of information with the foreign tax authority, whether on request or automatic.</li> </ol>	<ol style="list-style-type: none"> <li>1. Grants the Commissioner the authority not only to inquire into but also receive information on the bank deposits and other related information held by financial institutions.</li> <li>2. Adopts the common reporting standards in the exchange of information with the foreign tax authority, whether on request or automatic.</li> </ol>
4. Keeping of books of accounts [Section 232]	<ol style="list-style-type: none"> <li>1. Increases the threshold quarterly sales, earnings, receipts, or output from P50,000 to P250,000 of taxpayers that may use simplified set of bookkeeping records.</li> <li>2. Increases the threshold amount of gross quarterly sales, earnings, receipts, or output from P150,000 to P750,000 of taxpayers that are required to have their books of accounts audited and examined by independent CPAs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Increases the threshold quarterly sales, earnings, receipts, or output from P50,000 to P250,000 of taxpayers that may use simplified set of bookkeeping records.</li> <li>2. Increases the threshold amount of gross quarterly sales, earnings, receipts, or output from P150,000 to P750,000 of taxpayers that are required to have their books of accounts audited and examined by independent CPAs.</li> </ol>
5. Issuance of electronic receipts or electronic sales or commercial invoices [Section 237]	<ol style="list-style-type: none"> <li>1. Requires the issuance of electronic receipts or electronic sales or commercial invoices on sales, receipts or transfers in the amount of P100 or more.</li> <li>2. Requires the transmittal of electronic receipt or electronic invoice directly to the BIR at the same time and date of each sale transaction.</li> <li>3. Requires taxpayers to electronically report their sales data to the BIR through the use of CRMs/POS machines. In case of failure to transmit sales data, for each day of violation, a penalty amounting to ½ of 1% of the annual gross sales or P10,000, whichever is higher, shall be imposed.</li> </ol>	<ol style="list-style-type: none"> <li>4. Increases the amount of sale, transfer of merchandise or sale of service from P25 to P100 that is required to be issued a duly-registered receipt or sale or commercial invoice.</li> <li>5. Requires the issuance of electronic receipts or sales or commercial invoices, in lieu of manual receipts or sales or commercial invoices within five years from the effectivity of the law and upon establishment by the BIR of a system capable of successfully storing and processing the data collected from the receipts and/or invoices.</li> <li>6. Requires taxpayers to electronically report their sales data to the BIR through the use of electronic point of sales systems.</li> </ol>
6. Penalty on attempt to evade tax [Section 254]	Increases the fine imposed on persons who willfully attempt to evade or defeat tax to P500,000 but not more than P10M and imprisonment of not less than six years but not more than 10 years. The current penalty imposed is a fine of not less than P30,000 but not more than P100,000 and imprisonment of not less than two years but not more than four years.	No change
7. Penalty on various violations involving printing of receipts [Section 264(b)]	Increases the administrative fine of not less than P500,000 up to P10M imposed on persons who willfully attempt to evade or defeat tax to P500,000 but not more	No change

	than P10M and imprisonment of not less than six years but not more than 10 years.	
8. Imposition of interest on deficiency taxes [Section 249]	No change	Interest that may be imposed on unpaid amount of tax shall be twice the legal rate as set by the BSP instead of current 20% interest rate.