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RMC No. 69-2023 – Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to Republic Act No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprise Act"

This circular is issued to inform the public and all concerned that pursuant to Sections 6, 7 and 13 of Republic Act No. 11534, as implemented by RR Nos. 4-2021, 5-2021 and 8-2021, and as clarified by RMC Nos. 65-2021 and 67-2021, effective **July 1, 2023**:

✓ NEW TAX RATES STARTING JULY 1, 2023

Tax Type	January 1 – June 30	Effective July 1 - onwards
Percentage Tax (PT) (Corporations, Self-employed Individuals and Professional whose gross sales or gross receipts are not exceeding the Php3.0 million threshold except for cooperatives and self- employed individuals and professionals availing of the eight (8%) income tax rate)	1% (Gross Quarterly Sales or Receipts)	3% (Gross Quarterly Sales or Receipts)
Minimum Corporate Income Tax (MCIT) (Domestic and Resident Foreign Corporations, including offshore banking units and regional operating headquarters)	1% (Gross Income)	2% (Gross Income)
Regular Corporate Income Tax (RCIT) (Proprietary Educational Institutions and Hospitals which are nonprofit.)	1% (Taxable Income)	10% (Taxable Income)

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Source: BIR RMCs 2023

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Illustration	Period		
Percentage Tax Computation	January 1 – June 30, 2023	July 1 – Dec. 31, 2023	
Gross Sales: 100,000	100,000.00 <u>x 1%</u> 1,000.00	100,000.00 x 3% 3,000.00	
MCIT Computation	January 1 – June 30, 2023	July 1 – Dec. 31, 2023	
A. Calendar year ABC Corporation, a domestic trading corporation, has gross sales of P1,400,000,000.00, with cost of sales of P560,000,000.00 and allowable deductions of P799,000,000.00 for calendar year 2023. Its total assets of P480,000,000.00 includes the land and building in which the business operation is conducted, amounting to	840,000,000.00 ÷12 70,000,000.00 70,000,000.00 x 6 420,000,000.00 420,000,000.00 x 1% 4,200,000.00	840,000,000.00 ÷12 70,000,000.00 70,000,000.00 x 6 420,000,000.00 420,000,000.00 x 2% 8,400,000.00	
P100,000,000.00 and P125,000,000.00, respectively. Gross Sales 1,400,000,000 Less: COS 560,000,000 Gross Income 840,000,000 Less: Deductions 799,000,000 Taxable Income 41,000,000 Tax Due (TI x 25%) 10,250,000 Income Tax Payable ?	COMPUTE THE INCOME TAX PAYABLE: MCIT • Jan 1- Jun 30		

Income Tax Payable = Higher between

the Regular Income Tax and MCIT)

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12,600,000.00

Income Tax Payable

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Illustration	Perio	Period		
MCIT Computation	Sept. 1 – Jun 30, 2023	July 1 – Aug. 31, 2023		
B. Fiscal year	840,000,000.00 ÷ 12	840,000,000.00 ÷ 12		
ABC Corporation, a domestic trading corporation, has gross	70,000,000.00	70,000,000.00		
sales of P1,400,000,000.00, with cost of sales of	70,000,000.00 x 10	70,000,000.00 x 2		
P560,000,000.00 and allowable deductions of	700,000,000.00	140,000,000.00		
P799,000,000.00 for fiscal year ending August 31, 2023.	700,000,000.00 x 1%	140,000,000.00 x 2%		
Its total assets of P480,000,000.00 includes the land and building in which the	7,000,000.00	2,800,000.00		
business operation is conducted, amounting to P100,000,000.00 and	COMPUTE THE INCOME TAX PAYABLE:			
P125,000,000.00, respectively.	MCIT			
	• Sept 1- Jun 3			
Gross Sales 1,400,000,000 Less: COS 560,000,000	Jul 1 – Aug 3Total	1 <u>2,800,000.00</u> 9,800,000.00		
Gross Income 840,000,000 Less: Deductions 799,000,000	Regular Income Tax	10,250,000.00		
Taxable Income 41,000,000	Income Tax Payable	10,250,000.00		
Tax Due (Tl x 25%) 10,250,000 Income Tax Payable ?				
Income Tax Payable = Higher between				
the Regular Income Tax and MCIT)				

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Illustrations				
Income Tax for Non-Profit Proprietary Educational Institution/ Hospitals				
A. Calendar Year		Iul 4 Dec 24		
R&D Colleges, a proprietary	Jan 1 – Jun 30	Jul 1 – Dec 31		
educational institution, has gross	40,000,000.00	40,000,000.00 ÷ 12		
income of P200,000,000.00, all of	÷ 12 3,333,333.33	3,333,333.33		
which are from related activities,	3,333,333.33	3,333,333.33		
with allowable deductions of	3,333,333.33	3,333,333.33		
P160,000,000.00 for the calendar	x 6	x 6		
year 2023.	20,000,000.00	20,000,000.00		
Gross Sales 200,000,000.00	20 000 000 00	20,000,000.00		
Less: Allowable	20,000,000.00 x 1%	20,000,000.00 x 10%		
Deductions 160,000,000.00	200,000.00	2,000,000.00		
Taxable Income 40,000,000.00	•	2,000,000.00		
Formula:	Income Tax Payable Jan 1 – Jun 30	200,000.00		
Income Tax Payable = TI x IT Rate	Jul 1 – Dec 31	2,000,000.00		
•	Income Tax Payable	2,200,000.00		
B. Fiscal Year	Oct 1 – Jun 30	Jul 1 - Sept 30		
If DOD College by the second of the	40,000,000.00	40,000,000.00		
If R&D Colleges has adopted a fiscal ending in September 30,	÷ 12	÷ 12		
2023, the computation of its	3,333,333.33	3,333,333.33		
income tax shall be as follows:	3,333,333.33	3,333,333.33		
	x 9	x 3		
Gross Sales 200,000,000.00	30,000,000.00	10,000,000.00		
Less: Allowable Deductions 160,000,000.00		, ,		
Taxable Income 40,000,000.00	30,000,000.00	10,000,000.00		
14,000,000.00	x 1%	x 10%		
	300,000.00	1,000,000.00		
	Income Tax Payable			
	Oct 1 – Jun 30	300,000.00		
	Jul 1 – Sept 30 Income Tax Payable	1,000,000.00 1,300,000.00		
		1,300,000.00		

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