



Romero & Co. CPA's

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BIR RMC No. 69-2023

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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) <i>(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)</i>	1% <i>(Gross Quarterly Sales or Receipts)</i>	3% <i>(Gross Quarterly Sales or Receipts)</i>
Minimum Corporate Income Tax (MCIT) <i>(Domestic and Resident Foreign Corporations, including offshore banking units and regional operating headquarters)</i>	1% <i>(Gross Income)</i>	2% <i>(Gross Income)</i>
Regular Corporate Income Tax (RCIT) <i>(Proprietary Educational Institutions and Hospitals which are nonprofit.)</i>	1% <i>(Taxable Income)</i>	10% <i>(Taxable Income)</i>

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Tax Updates

June 30, 2023
Issue: 2023-5



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Illustrations																																																					
Income Tax for Non-Profit Proprietary Educational Institution/ Hospitals																																																					
<p>A. Calendar Year</p> <p>R&D Colleges, a proprietary educational institution, has gross income of P200,000,000.00, all of which are from related activities, with allowable deductions of P160,000,000.00 for the calendar year 2023.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Gross Sales</td> <td style="width: 30%; text-align: right;">200,000,000.00</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">20,000,000.00</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">20,000,000.00</td> </tr> <tr> <td>Less: Allowable Deductions</td> <td style="text-align: right;">160,000,000.00</td> <td></td> <td style="text-align: right;">x 1%</td> <td></td> <td style="text-align: right;">x 10%</td> </tr> <tr> <td>Taxable Income</td> <td style="text-align: right;">40,000,000.00</td> <td></td> <td style="text-align: right;">200,000.00</td> <td></td> <td style="text-align: right;">2,000,000.00</td> </tr> </table> <p>Formula: Income Tax Payable = TI x IT Rate</p>	Gross Sales	200,000,000.00		20,000,000.00		20,000,000.00	Less: Allowable Deductions	160,000,000.00		x 1%		x 10%	Taxable Income	40,000,000.00		200,000.00		2,000,000.00	<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Jan 1 – Jun 30</th> <th style="width: 50%;">Jul 1 – Dec 31</th> </tr> <tr> <td style="text-align: right;">40,000,000.00</td> <td style="text-align: right;">40,000,000.00</td> </tr> <tr> <td style="text-align: right;">÷ 12</td> <td style="text-align: right;">÷ 12</td> </tr> <tr> <td style="text-align: right;">3,333,333.33</td> <td style="text-align: right;">3,333,333.33</td> </tr> <tr> <td style="text-align: right;">3,333,333.33</td> <td style="text-align: right;">3,333,333.33</td> </tr> <tr> <td style="text-align: right;">x 6</td> <td style="text-align: right;">x 6</td> </tr> <tr> <td style="text-align: right;">20,000,000.00</td> <td style="text-align: right;">20,000,000.00</td> </tr> <tr> <td style="text-align: right;">20,000,000.00</td> <td style="text-align: right;">20,000,000.00</td> </tr> <tr> <td style="text-align: right;">x 1%</td> <td style="text-align: right;">x 10%</td> </tr> <tr> <td style="text-align: right;">200,000.00</td> <td style="text-align: right;">2,000,000.00</td> </tr> <tr> <td colspan="2">Income Tax Payable</td> </tr> <tr> <td style="text-align: right;">Jan 1 – Jun 30</td> <td style="text-align: right;">200,000.00</td> </tr> <tr> <td style="text-align: right;">Jul 1 – Dec 31</td> <td style="text-align: right;">2,000,000.00</td> </tr> <tr> <td style="text-align: right;">Income Tax Payable</td> <td style="text-align: right;">2,200,000.00</td> </tr> </table>	Jan 1 – Jun 30	Jul 1 – Dec 31	40,000,000.00	40,000,000.00	÷ 12	÷ 12	3,333,333.33	3,333,333.33	3,333,333.33	3,333,333.33	x 6	x 6	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	x 1%	x 10%	200,000.00	2,000,000.00	Income Tax Payable		Jan 1 – Jun 30	200,000.00	Jul 1 – Dec 31	2,000,000.00	Income Tax Payable	2,200,000.00						
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<p>B. Fiscal Year</p> <p>If R&D Colleges has adopted a fiscal ending in September 30, 2023, the computation of its income tax shall be as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Gross Sales</td> <td style="width: 30%; text-align: right;">200,000,000.00</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">30,000,000.00</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">10,000,000.00</td> </tr> <tr> <td>Less: Allowable Deductions</td> <td style="text-align: right;">160,000,000.00</td> <td></td> <td style="text-align: right;">30,000,000.00</td> <td></td> <td style="text-align: right;">10,000,000.00</td> </tr> <tr> <td>Taxable Income</td> <td style="text-align: right;">40,000,000.00</td> <td></td> <td style="text-align: right;">x 1%</td> <td></td> <td style="text-align: right;">x 10%</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">300,000.00</td> <td></td> <td style="text-align: right;">1,000,000.00</td> </tr> </table>	Gross Sales	200,000,000.00		30,000,000.00		10,000,000.00	Less: Allowable Deductions	160,000,000.00		30,000,000.00		10,000,000.00	Taxable Income	40,000,000.00		x 1%		x 10%				300,000.00		1,000,000.00	<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Oct 1 – Jun 30</th> <th style="width: 50%;">Jul 1 – Sept 30</th> </tr> <tr> <td style="text-align: right;">40,000,000.00</td> <td style="text-align: right;">40,000,000.00</td> </tr> <tr> <td style="text-align: right;">÷ 12</td> <td style="text-align: right;">÷ 12</td> </tr> <tr> <td style="text-align: right;">3,333,333.33</td> <td style="text-align: right;">3,333,333.33</td> </tr> <tr> <td style="text-align: right;">3,333,333.33</td> <td style="text-align: right;">3,333,333.33</td> </tr> <tr> <td style="text-align: right;">x 9</td> <td style="text-align: right;">x 3</td> </tr> <tr> <td style="text-align: right;">30,000,000.00</td> <td style="text-align: right;">10,000,000.00</td> </tr> <tr> <td style="text-align: right;">30,000,000.00</td> <td style="text-align: right;">10,000,000.00</td> </tr> <tr> <td style="text-align: right;">x 1%</td> <td style="text-align: right;">x 10%</td> </tr> <tr> <td style="text-align: right;">300,000.00</td> <td style="text-align: right;">1,000,000.00</td> </tr> <tr> <td colspan="2">Income Tax Payable</td> </tr> <tr> <td style="text-align: right;">Oct 1 – Jun 30</td> <td style="text-align: right;">300,000.00</td> </tr> <tr> <td style="text-align: right;">Jul 1 – Sept 30</td> <td style="text-align: right;">1,000,000.00</td> </tr> <tr> <td style="text-align: right;">Income Tax Payable</td> <td style="text-align: right;">1,300,000.00</td> </tr> </table>	Oct 1 – Jun 30	Jul 1 – Sept 30	40,000,000.00	40,000,000.00	÷ 12	÷ 12	3,333,333.33	3,333,333.33	3,333,333.33	3,333,333.33	x 9	x 3	30,000,000.00	10,000,000.00	30,000,000.00	10,000,000.00	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	1,000,000.00	Income Tax Payable	1,300,000.00
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