Benefits of TRAIN

Health and Education
TRAIN will fund priority programs and projects in education, health, and social protection.

- **100%**
  - Enrollment and completion rates
- **113,553** classrooms
- **181,980** teachers
- Establish **25** and upgrade **704** local hospitals

Rural and Urban Infrastructure
TRAIN will fund the countryside’s investment needs. Target improvements are:

- **14,187km** of national roads
- **30,209km** of local gravel roads
- **7,834** isolated barangays
- **23,293** sitios
- **1.3 million** hectares of land
- **30,209km** of national roads
- **14,187km** of local gravel roads

Funds will be raised for major infrastructure projects, including:

- Pulilan-Baliuag Diversion Road
- Camarines Sur-Albay Diversion Road
- Maasin City Coastal Bypass Road cum Sea Wall
- Tacloban City Bypass Road
- Panay East-West Road
- Cagayan de Oro Diversion Road
- Daang Maharlika (NRJ-Sibagat Section) (Mandamo-Las Nieves Section)
- Valencia City-Pangantucan Diversion Road
- Bonifacio Global City-Ortigas Center Link Road
- C-5/Katipunan Viaduct

Frequently Asked Questions

**Who will benefit from the adjustments in PIT?**

The first 250,000 pesos of income will now be tax exempt. Overall, the adjustments in brackets and lower rates will increase the take-home pay of 99.9% of taxpayers.

**What about our bonuses and other benefits, will they be exempt from taxes?**

Bonuses up to **90,000 pesos** (increased from **82,000**) will continue to be exempt from income tax. In line with simplifying the tax system, the current personal exemption and exemption for dependents are subsumed in the higher exemption threshold of **250,000 pesos**. Also, de minimis benefits will continue to be exempt. Meanwhile, tax on fringe benefits will be raised to **35%** to align with the top marginal tax rate of the PIT.

**Why do we need to impose additional fuel excise tax?**

Petroleum excise taxes have not been adjusted for 20 years since 1997. Inflation has eroded the value of these, thereby depressing revenue collection and limiting our ability to mitigate environmental and health impact of pollution and internalize the costs of climate change-induced calamities. In addition, raising the fuel excises will stop subsidizing the consumption of the rich who consume most of the fuels, and will generate more funds to support building infrastructure that will address congestion and raise productivity.

**Why can’t the VAT rate be lowered?**

Currently, the Philippines has one of the highest VAT rates in the Southeast Asian region. The 143 exemptions complicate our VAT system, making tax administration more difficult, and are sources of massive leakages. Addressing these leakages would allow us to reduce the VAT rate in the future. TRAIN has repealed 54 of these provisions, thereby making the VAT system fairer. Purchases of senior citizens and persons with disability continue to be VAT exempt.

**Why do we need to adjust auto excise?**

TRAIN simplifies the automobile excise and encourages the use of more efficient and environment-friendly alternatives. Purely electric cars will now be exempt from automobile excise, and hybrid cars will be taxed **50%** of the adjusted excise tax rates.

**Why tax SSBs and not sugar broadly?**

The SSB excise tax, as a health measure, encourages individuals to make healthy choices to ensure a more productive population. SSBs contain empty calories and has little or no nutritional value. Consumers, however, are often unaware of the long-term health consequences of frequent SSB intake. These products are affordable and conveniently available in almost every corner making it easier for the public to purchase.
**Personal Income Tax**

This simplified tax system will increase take-home pay and put more money in people’s pockets where 99% of taxpayers will pay less taxes. Bonuses not exceeding ₱90,000 will now be exempted.

### PIT rates

<table>
<thead>
<tr>
<th>Annual taxable income</th>
<th>Upon implementations</th>
<th>Starting 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 250,000</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Over 250,000 - 400,000</td>
<td>10% of the excess over 250,000</td>
<td>10% of the excess over 250,000</td>
</tr>
<tr>
<td>Over 400,000 - 800,000</td>
<td>15% of the excess over 400,000</td>
<td>15% of the excess over 400,000</td>
</tr>
<tr>
<td>Over 800,000 - 2,000,000</td>
<td>20% of the excess over 800,000</td>
<td>20% of the excess over 800,000</td>
</tr>
<tr>
<td>Over 2,000,000 - 6,000,000</td>
<td>25% of the excess over 2,000,000</td>
<td>25% of the excess over 2,000,000</td>
</tr>
<tr>
<td>Over 6,000,000</td>
<td>30% of the excess over 6,000,000</td>
<td>30% of the excess over 6,000,000</td>
</tr>
</tbody>
</table>

**Estate and Donor’s tax**

- Single tax rate of 6% of the estate's net value
- Standard deduction of ₱5 million and exemption of up to ₱10 million for family homes

**Sweetened beverages excise tax**

An excise tax on sweetened beverages will also be imposed. This is a health measure designed to curb consumption of sweetened beverages which are linked to diabetes and obesity, while raising revenue for health programs that address these problems.

**Additional excise tax**

- For coal
  - P50 beginning Jan. 1, 2018 and additional P50/year until Jan. 1, 2020 (per metric ton)
- For cosmetics
  - 5% additional tax for gross receipts of non-essential cosmetic surgery
- For cigarettes
  - Price increase: P32.5 (Jan. 1, 2020) to P37.5 (Jan. 1, 2020), P40 (July 1, 2022)

**Social protection programs**

1. **Targeted Unconditional Cash Transfers (TUCT)**
   - Poorest households will receive P2,400 for the first year, and P3,600 for second year.

2. **Fuel vouchers for jeepney drivers**

3. **For Minimum Wage Earners and poorest 50% of the population**
   - 10% fare discounts targeted for passengers
   - NFA discount for targeted beneficiaries
   - Free skills training from TESDA

**Value-Added Tax (VAT)**

Many use the exemptions in our current VAT system to pay less taxes. We need to limit exemptions to stop leakages.

<table>
<thead>
<tr>
<th>Country</th>
<th>VAT rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>12% VAT rate</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10% VAT rate</td>
</tr>
<tr>
<td>Vietnam</td>
<td>12% VAT rate</td>
</tr>
<tr>
<td>Thailand</td>
<td>12% VAT rate</td>
</tr>
<tr>
<td>Malaysia</td>
<td>12% VAT rate</td>
</tr>
</tbody>
</table>

To expand the tax base, TRAIN will limit exemptions to necessities—agriculture, education, and health—and instead use the budget to help the poor and vulnerable. The broadening of the VAT base covers (1) power transmission and (2) other special laws with VAT exemptions.

**Financial taxes**

The Congress also adjusted the following taxes:

- A 100% increase, except on loans with only 50% increase. GST rates for properties, savings, and non-life insurance transactions were not changed.

**Complementary measures**

1. **Tax administration**
   - Since 2016, the Duterte administration has focused on improving the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). TRAIN also includes the following administrative measures:
     - Mandatory fuel marking
     - Provision for use of e-receipts

   ITR (Income Tax Return) form is shortened to a maximum of 4 pages.

**Oil excise tax**

To invest in the country’s future, diesel will be raised to P2.5, P4.5, and P6 over three years and and gas to P7, P9, and P10. This is very progressive.

**Rates of oil excise have not been adjusted since 1997. Adjusting them will help address climate change issues as well.**

TRAIN corrects the complex and unjust tax system. It reduces personal income tax, simplifies estate and donor’s taxes, expands the value-added tax base, adjusts oil and automobile excise taxes, and places an excise tax sugar-sweetened beverages. 

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