



**Bringing In Revenues
for Nation-building**

Relevant Tax Updates

Revenue Regulations (RR) No. 29-2025, Revenue Memorandum Order No. 04-2025

Revenue Memorandum Circular (RMC) No. 81-2025 and RR No. 22-2025

**11 June 2026
10:00AM**

| Executive Overview



RR 29-2025

Increasing the Ceiling
of Non-Taxable "De
Minimis" Benefits



RMO 04-2025

Reporting and Handling
Policies for "Cannot Be
Located" (CBL)
Taxpayers



RMC 81-2025

Criteria and Guidelines on the
Deductibility of Ordinary and
Necessary Expenses under
Section 34(A)(1)(a) of the Tax
Code



RR 22-2025

Capital Markets
Efficiency Promotion
Act (CMEPA)

Revenue Regulations No. 29-2025

Increasing the Ceiling of Non-Taxable "De Minimis" Benefits

Amending RR No. 2-98 & RR No. 004-2025

Executive Summary

These regulations further amend **RR No. 2-98**, as previously modified by **RR No. 04-2025**, to adjust the thresholds for benefits exempt from income tax and fringe benefit tax.

Legislative Basis

Promulgated pursuant to Sections 4, 33, and 244 of the Tax Code of 1997.

Key Impact

Increased monetary ceilings for various employee allowances and medical assistance to reflect current economic conditions.

Revised Ceilings: Daily & Monthly



Rice Subsidy

₱2,500.00

Per month, or one (1) sack of 50 kg rice.



Laundry Allowance

₱400.00

Maximum per month.

 **Daily Meal Allowance (Overtime/Night Shift):** Not exceeding 30% of the basic minimum wage on a per-region basis.

Annual & Semi-Annual Limits

Benefit Type	New Threshold
Medical Cash (Dependents)	₱2,000 per semester (or ₱333/month)
Actual Medical Assistance	₱12,000 per annum
Uniform & Clothing	₱8,000 per annum
Achievement Awards	₱12,000 per annum
Christmas & Anniversary Gifts	₱6,000 per annum

Leaves & Incentives

Vacation Leaves

Private Employees: Monetized unused credits up to 12 days/year.

Gov't Employees: Monetized value of vacation and sick leave credits (unlimited).

CBA & Productivity

Total annual combined value of CBA and productivity incentive schemes must not exceed:

₱12,000.00

Per employee per taxable year.

Comparative Limits of “De Minimis” Benefits

Benefit Type	Old Threshold	New Threshold
Rice Subsidy	₱2,000 or 1 sack/month	₱2,500 or 1 sack/month
Laundry Allowance	₱300 per month	₱400 per month
Medical Cash (Dependents)	₱1,500 per semester (or ₱250/month)	₱2,000 per semester (or ₱333/month)
Actual Medical Assistance	₱10,000 per annum	₱12,000 per annum
Uniform & Clothing	₱6,000 per annum	₱8,000 per annum
Achievement Awards	₱10,000 per annum	₱12,000 per annum
Christmas & Anniversary Gifts	₱5,000 per annum	₱6,000 per annum
CBA and Productivity Incentives	₱10,000 per annum	₱12,000 per annum

“De Minimis” Benefits that were not changed in RR 29-2025

Benefit Type	Threshold
Monetized Unused Vacation Leave (Private)	12 days / year
Monetized Unused Vacation Leave and Sick Leave (Government)	Actual
Overtime / Night Shift Meal Allowance	30% of basic minimum wage

RMO No. 004-2025

Reporting and Handling Policies for "Cannot Be Located" (CBL) Taxpayers

Effective: January 14, 2025



Core Objectives

Standardizing procedures for identifying, reporting, and managing unlocated taxpayers to ensure just enforcement of tax laws.

Defining the CBL Taxpayer

- 📍 **Physical Absence:** Registered taxpayers not found at their registered business addresses.
- 👻 **Untraceable:** Whereabouts cannot be established during ocular inspection or address is non-existent.
- 🗂️ **Virtual Office Issues:** Shared offices where no authorized person is available to receive notices.

Pre-Tagging Verification Efforts



Social Media

Mandatory verification of Facebook, Instagram, and streaming media for digital footprints or business location maps.



Collaboration

Engagement with suppliers, purchasers, and relevant government agencies to analyze Summary List of Sales/Purchases.



Direct Outreach

Correspondence sent to registered emails, tax agents, or corporate officers listed in SEC filings.

Required Documentary Evidence

Certifications from at least **two (2)** of the following agencies are required to confirm CBL status:

Agency	Specific Requirement / Certification
SEC	Non-filing of GIS and Audited Financial Statements.
DTI / LGU	Non-renewal of business registration or permit.
SSS / PHIC	No record of contributions as employer or self-employed.
LTO / RD	Certification of no registered property or vehicle holdings.

Audit Procedures & Investigating

Unserved LOA

- Status updated to "CBL" in eLAMS/IRIS.
- Assignment "End Dated" to RO/GS.
- LOA kept by designated CMS officer for retrieval.

Served LOA

- Assessments based on "Best Evidence Obtainable" (BEO).
- Subpoena Duces Tecum not required to justify tax deficiency.
- Issuance of Preliminary Assessment Notice (PAN).

Suspension of Limitations

SEC 223

NIRC Period of Limitation

Statute of Limitations

The 3-year period for assessment and collection is **suspended** from the date the Head of Office approves the CBL Memorandum Report.

"Running of the statute shall resume only upon the service of previously unserved notices."

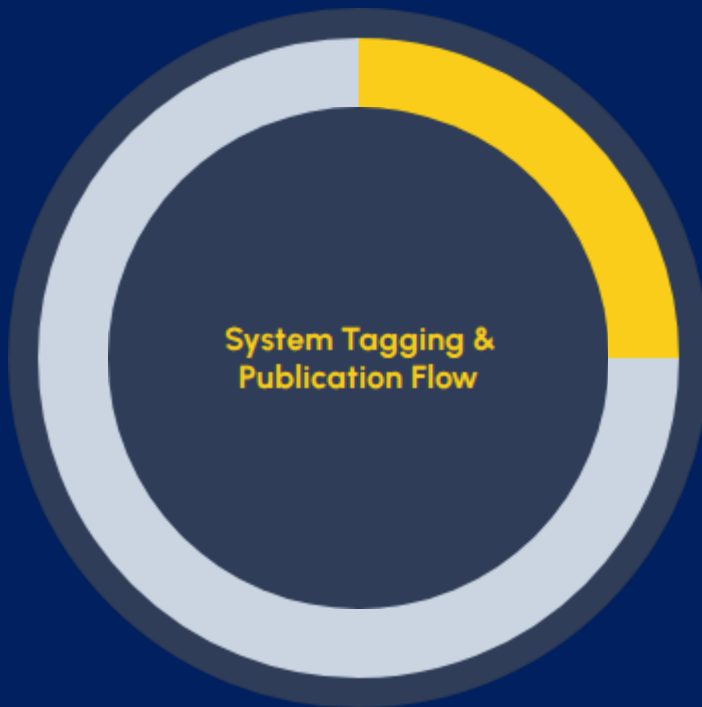
Deduction Restrictions

Strict Sanctions for Auditees:

- ❌ Purchases from published CBL taxpayers are **disallowed** as Income Tax deductions.
- ✗ Input Tax credits from such transactions are **denied**.

Exemption: The buyer must prove the actual existence of the supplier and authenticity of the purchase.

The Publication Lifecycle



- ✓ **Validation:** HREA validates data against Bureau DB.
- 🌐 **Publication:** AITEID uploads list to BIR Website.
- 🔑 **Mass Tagging:** ASD tags status in IRIS-TRS.
- 📢 **Advisory:** ICD issues public guidance.

Delinquent Account Write-Offs

Criteria for Write-Off: Three (3) consecutive negative validation outcomes with a minimum **12-month interval** between checks.

Round 1 (Initial)

Baseline Check

Round 2 (+12 mo)

Negative Result (Count 1)

Round 3 (+12 mo)

Negative Result (Count 2)

Round 4 (+12 mo)

Eligible for Write-Off

The Resurfacing Process

Identification



Verify Masterlist for the reporting BIR office.

Endorsement



Accomplish Annex F and refer to correct section.

Compliance



Update registration, file returns, and serve notices.

Un-tagging



Remove CBL status in IRIS-TRS and web portal.

12

RMC No. 081-2025

Criteria and Guidelines on the Deductibility of Ordinary and Necessary Expenses
under Section 34(A)(1)(a) of the Tax Code

Released: September 03, 2025

Legal Foundation

Section 34(A)(1)(a)

Allows deductions for expenses paid or incurred during the taxable year directly attributable to the:

- ✓ Development
- ✓ Management
- ✓ Operation/Conduct of trade, business, or profession

Legislative Grace

"Deductions, like exemptions, are matters of legislative grace. They must be strictly construed against the taxpayer."

The Four Golden Rules



Ordinary & Necessary

Must be common in the trade and helpful for business growth.



Paid or Incurred

Must occur within the taxable year corresponding to revenue.



Directly Attributable

Must have a clear, immediate link to the business activities.



Substantiated

Must be supported by official invoices, vouchers, or records.

Defining the Standard

"Ordinary"

Normal, usual, and customary in the specific type of business. Does not need to be habitual, but must be typical in relation to business acts.

"Necessary"

Appropriate and helpful. Must be proximately resulting from the business and contribute to income or minimizing loss.

Warning: Inordinately large expenses (e.g., nearly half of total claimed expenses) may be disqualified as "ordinary" even if necessary for a marketing strategy.

Active vs. Passive Income

Category	Characteristics	Deductibility Status
Active Income	Direct pursuit of primary purpose (Business/Trade).	Allowed: If ordinary and necessary.
Passive Income	Interests, dividends, royalties, capital gains.	Disallowed: Subject to final tax at source.

Note: Passive income can become active if the taxpayer systematically engages in the activity as a business venture.

Special Tax Treatments

Tax-Exempt Income

Expenses incurred solely for tax-exempt income are **NOT** deductible. This prevents "Double Benefit."

Preferential Rates

Expenses must be segregated. For those under 5% SCIT, indirect operating expenses (Advertising, Commissions) are **DISALLOWED**.

Final Withholding Tax (FWT): Costs related to investment management for income subject to FWT are disallowed against regular income.



Strict Substantiation

"The mere allegation that an expense is ordinary and necessary does not justify its deduction. Pieces of evidence—official invoices and vouchers—must be presented."

REPUBLIC ACT NO. 12214

Capital Markets Efficiency Promotion Act (CMEPA)

REVENUE REGULATIONS (RR) NO. 022-2025

| BACKGROUND & MANDATE

Implementation of Section 9, RA No. 12214

These rules establish clear institutional mechanisms to implement updates concerning employee retirement matching, operational compliance frameworks, and specific fiscal metrics within the Republic of the Philippines tax ecosystem.

"To promote capital market efficiency, increase internal long-term savings generation, and optimize alternative private pension designs via strategic tax exclusions and incentives."

| LEGAL FRAMEWORK & AUTHORITY

The guidelines are promulgated under explicit statutory directives provided within the National Internal Revenue Code:

Section 244

Grants the Secretary of Finance explicit authority to promulgate all needed rules and regulations for effective tax collection enforcement.

Section 245

Directs the Bureau of Internal Revenue to properly enforce systemic tax assessments, collections, and execution of legal penal mandates.

RA 12214 Sec 9

Expressly amends policies governing employee's Personal Equity and Retirement Account (PERA) limits and matching conditions.

| SCOPE & CORE OBJECTIVE

- **Target Focus:** Amending the operational provisions governing allowed business deductions for qualified retirement accounts.
- **Mechanism:** Regulates the matching contributions made voluntarily by private sector entities on behalf of active wage earners.
- **Design Intent:** Simplifies compliance metrics to motivate corporate participation in employee asset-building.

✓ Primary Goal

To transition corporate retirement initiatives from localized cash reserves into structured, dynamically invested PERA accounts operating inside regulated capital markets.

EFFECTIVE DATE & TEMPORAL SCOPE

Effective July 1, 2025

The mechanics explicitly cover qualified corporate-backed financial contributions directly remitted into valid employee PERA structures starting **July 1, 2025 onwards**.

*Note: Prior periods remain governed under legacy caps structured within previous editions of Revenue Regulations No. 17-2011.

SECTION 3

Additional Deduction from Gross Income for Private Sector Employers

| PRIMARY DEDUCTIONS OVERVIEW

Pursuant to legacy rules codified in Section 7(B)(ii) of RR No. 17-2011 (as amended):

The Base Rule

Private employers are legally authorized to deduct the **actual verified quantum** of their Qualified Employer's Contribution directly from their computed annual gross corporate revenue.

Maximum Cap Limit

This base deduction is allowed only up to the extent needed to complete the statutory maximum allowable annual PERA contribution allocated to an individual worker (**₱200,000 per year**).

| THE 50% ADDITIONAL INCENTIVE

Introducing the CMEPA Premium Benefit:

Private sector employers can claim an **additional deduction equivalent to 50%** of the actual qualified matching amount contributed during the taxable period.

This brings the effective corporate income tax deduction yield up to 150% of actual out-of-pocket employee retirement matching outlays, subject to specific compliance parameters.

CONDITION 1: CONTRIBUTION PARITY

The Employer-Employee Equity Rule

To access the bonus 50% deduction, the actual capital amount contributed by the employer must be **at least equal to or greater than** the individual contribution made by the employee during that same cycle.



Employer Share $\geq$ Employee Share

Asymmetry in favor of the employee prevents qualification for the 50% incentive multiplier.

CONDITION 2: NON-DISCRIMINATORY FULL COVERAGE

The tax incentive prevents selective executive or managerial sweetening by enforcing an inclusive coverage directive:

Universal Offer Obligation:

The private employer must actively extend and fulfill identical retirement matching contribution access paths to **ALL of their regular employees** who meet basic statutory eligibility definitions within the organization.

| CONDITION 3: CO-INVESTMENT RULE

The bonus deduction cannot be claimed on purely unilateral non-contributory grants. The targeted employee must have **actively remitted personal funds** to their PERA structure within the identical calendar year sequence.

Active Shared Accountability

If an employee's personal contribution is zero for a specific calendar year, the employer can deduct the base amount under old laws but forfeits the extra 50% CMEPA kicker.

ILLUSTRATION: CASE METRICS MATRIX

Emp	Emp Cont.	Er Match	Total Accounted*	Base Deduction	50% Bonus Deduction	Total Corporate Deduction
1	₱20,000	₱50,000	₱70,000	₱50,000	₱25,000 (Qualified)	₱75,000
2	₱100,000	₱100,000	₱200,000	₱100,000	₱50,000 (Qualified)	₱150,000
3	₱70,000	₱50,000	₱120,000	₱50,000	₱0 (Er < Emp)	₱50,000
4	₱180,000	₱180,000	₱360,000 (Capped)	₱20,000	₱10,000 (On cap space)	₱30,000
5	₱0	₱50,000	₱50,000	₱50,000	₱0 (No Emp Cont.)	₱50,000

**Total PERA Contribution qualified for 5% Tax Credit Certificate (up to maximum allowed contribution per RR No. 7-2023)*

DETAILED ANALYSIS: EMPLOYEES 1 & 2

- ✔ **Employee 1 Evaluation:** The employer matched ₱50,000 against a personal ₱20,000 baseline. Since the employer contribution is greater than or equal to the employee share, it qualifies for the bonus. Deductible total: ₱50k base + ₱25k bonus = **₱75,000**.
- ✔ **Employee 2 Evaluation:** A perfect 1:1 parity match at ₱100,000 each. The combined account injection reaches ₱200,000, aligning exactly with the legal threshold. Deductible total: ₱100k base + ₱50k bonus = **₱150,000**.

DETAILED ANALYSIS: EMPLOYEE 3 (PARITY FAILURE)

For Employee 3, the worker invested ₱70,000 but the corporate entity only provided a match of ₱50,000.

The Penalty Effect:

Because the employer match fell below the personal contribution baseline, the mandatory mathematical parity condition failed. The entity can deduct the ₱50,000 under basic rules but **loses the 50% extra credit completely.**

Total Allowed Deduction

₱50,000



Forfeited ₱25,000 potential bonus due to lack of parity match.

DETAILED ANALYSIS: EMPLOYEE 4 (THE CAP MECHANICS)

Employee 4 presents a complex cap over-saturation scenario:

The individual contributed ₱180,000. The maximum standard global headroom limit allowed under the law is **₱200,000** per year.

- ✔ Even if the corporate entity matches ₱180,000 on paper, only **₱20,000** of headroom remains before hitting the ₱200,000 institutional wall.
- ✔ Consequently, the qualified corporate contribution is legally compressed down to ₱20,000.
- ✔ The total corporate tax deduction is calculated only from this valid space: ₱20,000 base + ₱10,000 bonus = **₱30,000**.

DETAILED ANALYSIS: EMPLOYEE 5 (ZERO CO-INVESTMENT)

Employee 5 failed to personally purchase or contribute any capital to their PERA infrastructure during the fiscal year, while the employer unilaterally provided ₱50,000.

Tax Impact: The employer retains the standard ₱50,000 business deduction line. However, because the employee did not co-invest, the extra 50% CMEPA incentive calculation is disallowed.

Deduction Result:

₱50,000

Allowed strictly as standard human resource operating expense lines under legacy frameworks.

ACCOUNTING CODE REQUIREMENTS

To prevent standard corporate ledger mixing, the BIR mandates strict accounting tracking classifications:

Mandated Ledger Title

"Share in Qualified Employee's PERA Contribution"

Must be completely segregated from generalized pension expense accounts, localized retirement pools, or miscellaneous fringe distributions.

Financial Statement Disclosure

Private sector entities must provide full narrative breakdown schedules and explicitly declare the computation paths within the audited **Notes to Financial Statements** appended to annual tax filings.

EXCLUSIONS FROM EMPLOYEE INCOME

Employer contributions under this framework provide double-sided tax efficiency:

No Withholding Tax

Exempted from standard employee gross compensation withholding tax assessments.

No Fringe Benefit Tax

Will not trigger corporate fringe benefit tax exposures for managerial employees.

Gross Tax Immunity

The entire matching amount is excluded from the calculation of the individual's gross income.

ADMINISTRATIVE DOCUMENT VERIFICATION

To secure the deductions upon audit, corporate entities must produce official documentation issued by the ****accredited PERA Administrator****.

This verification document must accurately record individual employee tracking IDs, chronological funding dates, and clear capital breakdowns.

Audit Trail Standard

Clear, un-redacted system certificates showing matching validations are the primary defense document required during standard BIR tax examinations.

THANK YOU