

Table J.1.a.

2018 INVESTMENT TAX EXPENDITURES, BY TYPE OF TAX INCENTIVES, FY 2017-2019

(in thousand pesos)

Type of tax incentive	2017		2018		2019
	Programmed ¹	Actual ²	Programmed ³	Actual	Projections ⁴
I. Incentives on income tax	131,812,922	126,941,003	127,053,048	129,007,187	129,123,409
a. Income tax holiday (ITH) ⁵	81,102,787	70,209,039	70,270,471	66,073,904	66,133,035
b. Special income tax rate ⁶	50,710,135	56,731,964	56,782,577	62,933,283	62,990,374
II. Incentives on importation	290,332,104	314,176,199	343,943,120	348,160,896	370,095,033
a. Customs duties	64,202,378	46,510,829	50,917,542	57,006,002	60,597,380
b. Import VAT (gross)	226,129,726	267,665,369	293,025,578	291,154,895	309,497,653
Total	422,145,026	441,117,201	470,996,167	477,168,083	499,218,442
III. Incentives of cooperatives ⁷	-	-	-	41,489,958	41,540,283
a. Income tax incentives	-	-	-	1,824,269	1,826,457
b. Local VAT	-	-	-	39,013,782	39,061,256
c. Percentage tax	-	-	-	651,908	652,570
Total including CDA incentives	422,145,026	441,117,201	470,996,167	518,658,042	540,758,725

¹ Values reflected are 2016 projections of investment tax expenditures for 2017 as stated in the 2016 report.

² Values reflected are 2017 actual amount of investment tax expenditures as as stated in the 2017 report.

³ Values reflected are 2017 projections of investment tax expenditures for 2018 as stated in the 2017 report.

⁴ The 2019 projections of investment tax expenditure for incentives on income tax were computed using the 2017-2018 nominal GDP growth rates by sector as reported by the Philippine Statistics Authority (PSA), while the projections of investment tax expenditure for incentives on customs duties were computed using the 2018-2019 growth rate of value of imports as reported by the BOC.

⁵ The investment tax expenditure on ITH was computed by applying the regular income tax rate of 30% to the net taxable income.

⁶ The investment tax expenditure on special income tax rate was computed as the difference between the amount that would have been paid to the national government under a regular corporate income tax regime and the amount actually paid under the special income tax rate regime.

⁷ The income tax incentives of cooperatives were computed based on the preferential tax treatment of cooperatives in accordance with Republic Act 9520, and are to be included in the TIMTA report, as stated in the TIMTA law.

*The amount of ITH incentives under CDC and SBMA is from double-registered firms which are also registered in IPAs with ITH incentives.

**The amount of special income tax rate incentives under BOI is from double-registered firms and firms in the energy sector which receive GIE incentives.

***The tax incentives of cooperatives are reported in the TIMTA report in accordance to Sec. 3 of TRAIN Law which took effect in 2018.

****The revenue forgone for tax incentives of cooperatives does not include the importation incentives of cooperatives.

Sources: Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), Cooperative Development Authority (CDA), DOF staff computation