

Table J.1.a.
2019 INVESTMENT TAX EXPENDITURES, BY TYPE OF TAX INCENTIVES, FY 2018-2020
(in thousand pesos)

Type of tax incentive	2018		2019		2020
	Programmed ¹	Actual ²	Programmed ³	Actual	Projections ⁴
I. Incentives on income tax	127,083,115	129,007,187	129,123,409	134,808,517	134,686,379
a. Income tax holiday (ITH) ⁵	70,270,440	66,073,904	66,133,035	68,400,127	68,329,783
b. Special income tax rate ⁶	56,812,675	62,933,283	62,990,374	66,408,390	66,356,596
II. Incentives on importation	343,943,120	348,160,896	370,095,033	314,697,399	269,380,974
a. Customs duties	50,917,542	57,006,002	60,597,380	47,586,088	40,733,691
b. Import VAT (gross)	293,025,578	291,154,895	309,497,653	267,111,311	228,647,282
Total	471,026,235	477,168,083	499,218,442	449,505,916	404,067,353
III. Incentives of cooperatives⁷	-	41,489,958	41,540,283	32,195,834	32,174,276
a. Income tax incentives	-	1,824,269	1,826,457	14,474,608	14,457,164
b. Local VAT	-	39,013,782	39,061,256	16,343,014	16,337,747
c. Percentage tax	-	651,908	652,570	1,378,212	1,379,365
Total including CDA incentives	471,026,235	518,658,042	540,758,725	481,701,750	436,241,629

¹ Values reflected are 2018 projections of investment tax expenditures for 2019 as stated in the 2018 report.

² Values reflected are 2018 actual amount of investment tax expenditures as as stated in the 2018 report.

³ Values reflected are 2019 projections of investment tax expenditures for 2019 as stated in the 2018 report.

⁴ The 2020 projections of investment tax expenditure for incentives on income tax were computed using the 2019-2020 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 2019-2020 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.

* Numbers may not add up due to rounding.

** The revenue forgone for tax incentives of cooperatives does not include the VAT and duties incentives of cooperatives.

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