

Table J.1.a.
2022 INVESTMENT TAX EXPENDITURES, BY TYPE OF TAX INCENTIVES, FY 2021-2023
(in thousand pesos)

Type of tax incentive	2021		2022		2023
	Programmed ¹	Actual ²	Programmed ³	Actual	Projections ⁴
I. Incentives on income tax	66,650,160	23,020,014	26,119,969	43,979,798	48,502,500
a. Income tax holiday (ITH) ⁵	19,979,613	8,645,837	9,810,116	23,314,943	25,712,557
b. Special income tax rate ⁶	46,670,548	14,374,177	16,309,854	20,664,854	22,789,943
II. Incentives on importation	365,815,753	326,601,540	363,652,688	407,651,440	468,599,177
a. Customs duties	72,078,717	45,165,675	50,289,472	55,868,175	64,220,994
b. Import VAT (gross) ⁷	293,737,036	281,435,865	313,363,215	351,783,265	404,378,182
Sub-total	432,465,913	349,621,554	389,772,657	451,631,237	517,101,676
III. Incentives of cooperatives ⁸	22,208,328	21,092,967	23,933,419	18,495,748	20,397,775
a. Income tax incentives	3,386,816	6,277,830	7,123,224	3,766,175	4,153,473
b. Local VAT	17,386,307	12,737,852	14,453,175	13,024,863	14,364,286
c. Percentage tax	1,435,205	2,077,285	2,357,019	1,704,711	1,880,016
Grand total including incentives of cooperatives	454,674,240	370,714,521	413,706,076	470,126,985	537,499,451

¹ Values reflected are based on the 2021 programmed investment tax expenditures report as stated in the FY 2024 BESF.

² Values reflected are based on the 2021 actual investment tax expenditures report as stated in the FY 2024 BESF.

³ Values reflected are based on the 2022 projected investment tax expenditures report as stated in the FY 2024 BESF.

⁴ The 2023 projections of tax expenditures on income tax were computed using the 2022-2023 nominal GDP growth rates by sector as reported by the Philippine Statistics Authority (PSA), while the projections of tax expenditure on customs duties were computed using the 5-year average growth rate of value of imports as reported by the Bureau of Customs (BOC).

⁵ The investment tax expenditure on ITH was computed by applying the regular income tax rate of 20%/25% 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 Import VAT gross is based only on customs transit.

⁸ Republic Act (RA) 10963 mandates the Cooperative Development Authority (CDA) to consolidate and submit to the Bureau of Internal Revenue (BIR) the annual tax incentives reports of registered cooperatives. The tax incentives of cooperatives were computed based on the preferential tax treatment of

* Values may not exactly add up due to rounding off numbers

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

Sources: BIR, BOC, CDA, Department of Finance (DOF) staff computation