

Table J.1.a.
2023 INVESTMENT TAX EXPENDITURES, BY TYPE OF TAX INCENTIVES, FY 2022-2024

(in thousand pesos)

Type of tax incentive	2022		2023		2024
	Programmed ¹	Actual ²	Programmed ³	Actual	Projections ⁴
I. Incentives on income tax	26,119,969	43,979,798	48,502,500	85,748,842	93,217,633
a. Income tax holiday (ITH) ⁵	9,810,116	23,314,943	25,712,557	38,134,900	41,456,480
b. Special income tax rate ⁶	16,309,854	20,664,854	22,789,943	47,613,942	51,761,153
II. Incentives on importation	363,652,688	407,651,440	468,599,177	371,858,258	407,287,912
a. Customs duties	50,289,472	55,868,175	64,220,994	52,741,989	57,767,103
b. Import VAT (gross)	313,363,215	351,783,265	404,378,182	319,116,269	349,520,809
Sub-total	389,772,657	451,631,237	517,101,676	457,607,100	500,505,545
III. Incentives of cooperatives ⁷	23,933,419	18,495,748	20,397,775	5,329,405	5,793,600
a. Income tax incentives	7,123,224	3,766,175	4,153,473	3,422,621	3,720,734
b. Local VAT	14,453,175	13,024,863	14,364,286	1,665,370	1,810,425
c. Percentage tax	2,357,019	1,704,711	1,880,016	241,413	262,441
Grand total including incentives of cooperatives	413,706,076	470,126,985	537,499,451	462,936,505	506,299,144

¹ Values reflected are based on the 2022 programmed investment tax expenditures as stated in the FY 2025 BESF report.

² Values reflected are based on the 2022 actual investment tax expenditures as stated in the FY 2025 BESF report.

³ Values reflected are based on the 2023 projected investment tax expenditures as stated in the FY 2025 BESF report.

⁴ The 2024 projections of tax expenditures on income tax were computed using the 2023-2024 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 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 RA 10963 mandates the Cooperative Development Authority (CDA) to consolidate and submit to the BIR the annual tax incentives reports of registered cooperatives. The tax incentives of cooperatives were computed based on the preferential tax treatment of cooperatives in accordance with Republic Act 9520.

* 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: Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), and Department of Finance (DOF) staff computation