# Simplified Tax for Micro and Small Enterprises (MSEs)

Hotel Jen, Pasay City July 16-18, 2018



Bureau of Internal Revenue



#### COMPLIANCE REQUIREMENTS

**SMEs** 

Register the business in one day

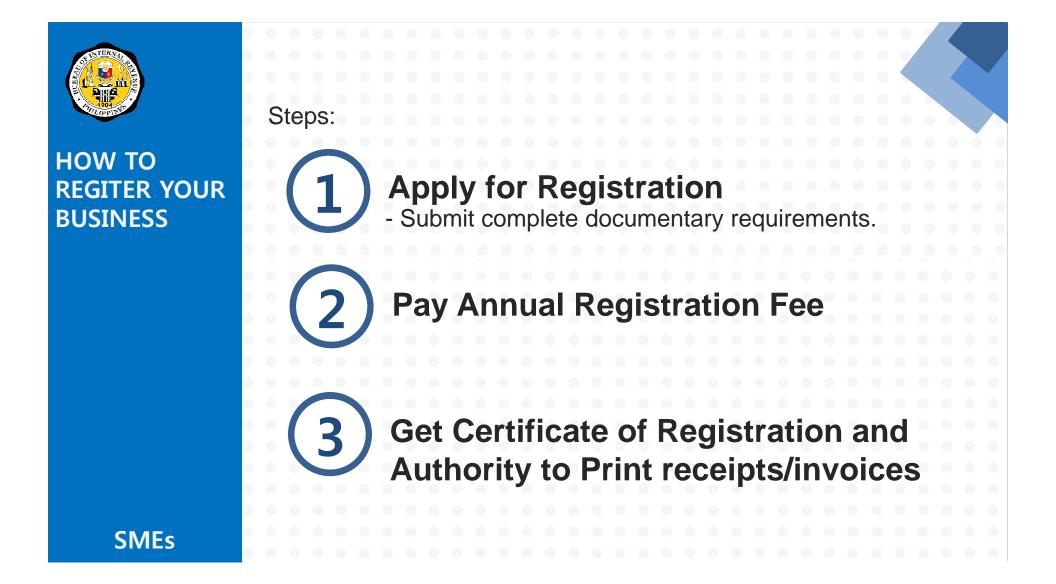
Issue registered receipts/invoices

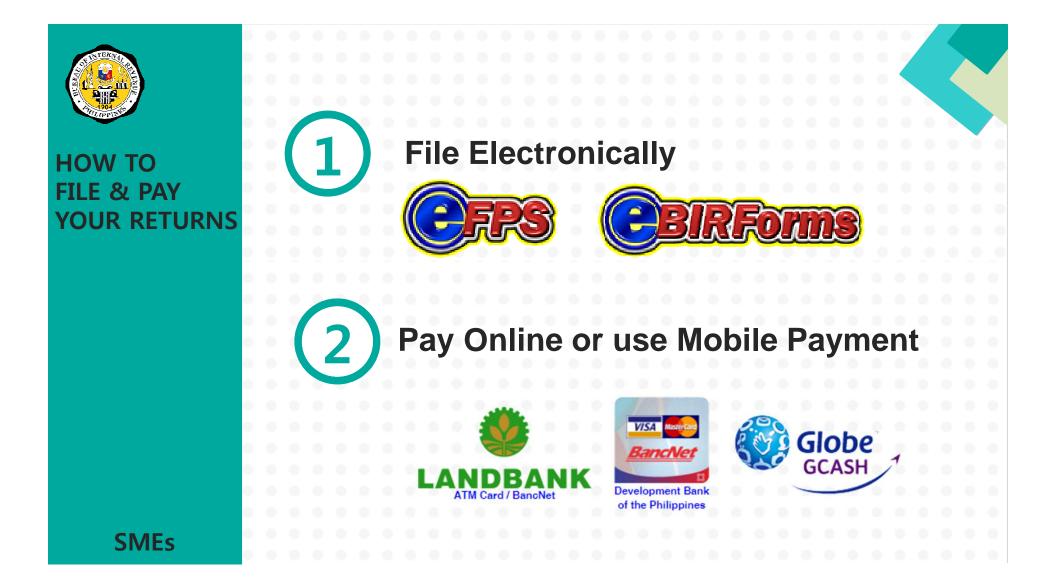


Keep books of accounts and other accounting records



File applicable tax returns and pay tax liabilities







#### INCOME TAX RATE

### **For Individual**

### 8% Income Tax Rate

- on gross sales or receipts and other non-operating income in excess of P250,000.00 in lieu of the graduated income tax rates under Section 24(A) and the percentage tax under Section 1 16 all under the Tax Code, as amended

- No allowable deduction

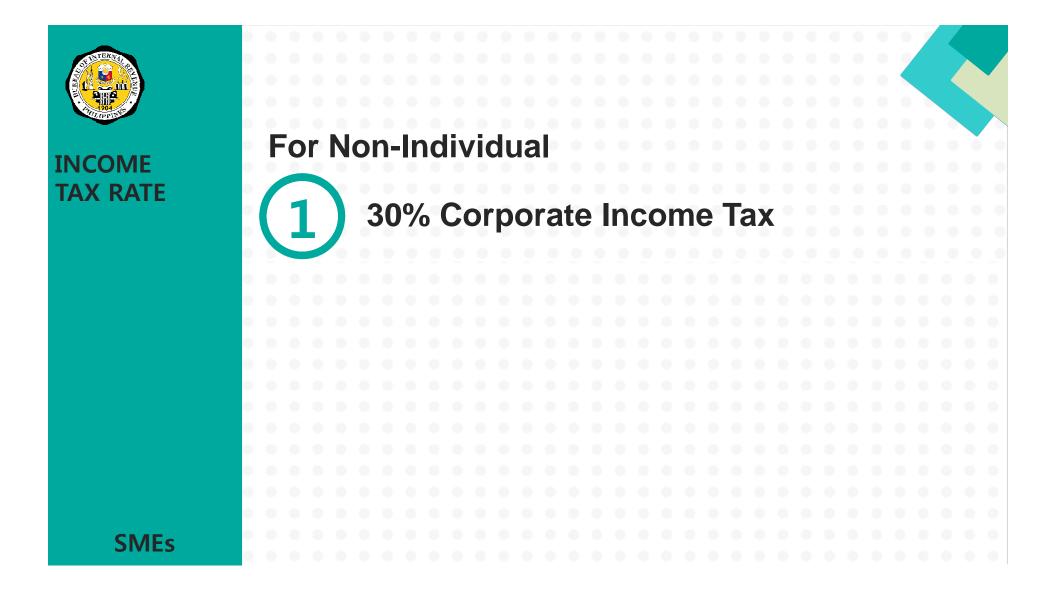
# OR



### **Graduated Income Tax Rates**

- 0% to 35%
- Optional Standard Deductions of 40% or itemized allowable deductions







#### BUSINESS TAXES

### **Percentage Tax**

Persons, who are not VAT-registered, who sell goods, properties or services, whose annual gross sales and/ or receipts do not exceed three million pesos (Php3,000,000.00) and are exempt from value-added tax (VAT) under Section 109 (BB) of the NIRC, as amended by Republic Act (RA) No. 10963

### Value-Added Tax

Any person or entity who, in the course of his trade or business, sells, barters, exchanges, leases goods or properties and renders services subject to VAT, if the aggregate amount of actual gross sales or receipts exceed Three Million Pesos (Php3,000,000.00)

SMEs



#### TAX INCENTIVES

# Barangay Micro Business Enterprises (BMBE) (Republic Act No. 9178)

Exemption from payment of income tax for income arising from the operations of the enterprise

# **BOI-Registered Enterprises**

Income Tax Holiday



### **Economic Zones Registered**

Income Tax Holiday/Special tax rates





#### SIMPLIFIED FORM OF TAXATION

Streamlined registration processes and requirements



Flat Rate of 8% Income Tax Rate Option for individuals (Train Law)

**Simplification of Tax Returns** 

Reduced frequency of filing Percentage Tax

Quarterly filing only

File and pay anywhere online

SMEs

