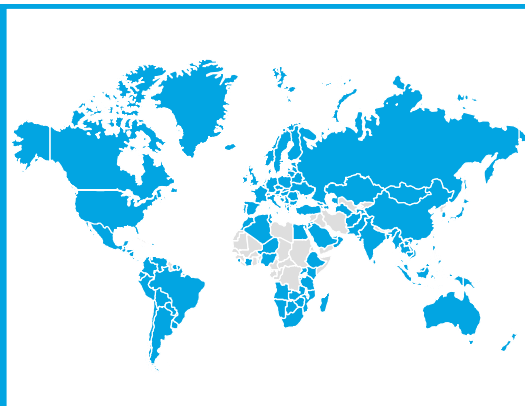


INPATRIATES

Philippines

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

The Philippines classifies aliens as resident and nonresident. Residency is determined by the intention and by the length of stay. Both resident and nonresident aliens are taxed on income from sources within the Philippines. Most expatriates are classified as nonresident aliens as most of them have a contract for a specific period or project.

A nonresident alien is presumed engaged in trade or business if he stays for an aggregate period of more than 180 days during any calendar year and he will be subjected to a graduated tax rate between 5 and 32%. However, a nonresident alien is deemed not engaged in trade or business if his stay does not exceed 180 days during any calendar year in which case he will be subjected to a flat tax rate of 25%.

Aliens who are employees of multinational companies such as Regional or Area Headquarter, Regional Operating Headquarters, Offshore Banking Units, Foreign Petroleum Service Contractors and Subcontractors are taxed on their gross compensation income at a preferential tax rate of 15%

A resident alien (subject to reciprocity) and nonresident alien engaged in trade or business is entitled to a personal exemption in the amount of PHP50,000. An additional exemption of PHP 25,000 for each dependent, not to exceed four, is allowed to married individuals.

Resident and non-resident aliens engaged in trade or business are required to file income tax return. The income tax return is due for filing on or before 15th of April of the following year.

INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

Income tax rates

Amount of net taxable income (PHP)		Tax rate
Over	But not over	
0	10,000	5%
10,000	30,000	500 + 10% of the excess over 10,000
30,000	70,000	2,500 + 15% of the excess over 30,000
70,000	140,000	8,500 + 20% of the excess over 70,000
140,000	250,000	22,500 + 25% of the excess over 140,000
250,000	500,000	50,000 + 30% of the excess over 250,000
500,000		125,000 + 32% of the excess over 500,000

Social tax rates

Coverage with the social security is required for all individuals working in the Philippines. There are however countries with which Philippines has social security agreements, such as Austria, Belgium, Canada, France, Korea, Netherlands, Spain, Switzerland and United Kingdom. The nationals of the abovementioned countries must file an exemption with the social security office.

For further information and to register for future updates contact expat@bdo.global

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