

Philippines

Vat standard rate

The VAT standard rate in the Philippines in 2023 is 12%

Vat zero rate

VAT zero rate applies to export transactions and other sales transactions.

In particular, zero-rated operations include:

- the sale or import of certain agricultural products;
- passenger transportation;
- household gas and water;
- financial services and insurance;
- medical supplies;
- real estate;
- newspapers, and books.

Threshold

Any individual or legal entity that sells, exchanges, leases goods or property and renders services subject to VAT in the course of its business, where the value of the services rendered exceeds 3 000 000 Php (approximately 60,000 USD), is required to register as a VAT payer.

VAT payers whose quarterly revenue exceeds 2 500 000 Php (approximately 44,870 USD) must submit a Summary List of Sales.

Deductible VAT

A VAT payer has the option to declare and deduct VAT payable on imported goods or on the acquisition of goods, property, or services in the country by filing a VAT return in the usual manner, subject to certain conditions.

If you have an invoice for the imported goods, purchase of property, or an official receipt for services issued by a person registered as a VAT payer, further transactions carried out within the registered business may qualify as eligible for input VAT. These include:

- purchase or import of goods intended for sale;
- purchase or import of goods used in the production of finished goods for sale, including packaging materials;
- purchase or import of goods intended for use in the manufacture of finished goods for sale;
- purchase or import of goods used as inventory in business activities;
- purchase or import of goods to be used as materials supplied for the sale of services;
- goods for use in a trade or business that allow depreciation to be deducted in accordance with the tax code;
- purchase of real estate on which value added tax has been paid;
- purchase of services on which value added tax has been paid.

Registration procedure

To become a VAT payer in the Philippines, individuals or businesses must complete a designated form (Form No. 0605) for each location where their business operates. A registration fee of 500 pesos (approximately 30 USD) is required to complete the registration process.

Vat representative

The Philippines requires that registration as a VAT payer be done through a local tax representative.

Filing VAT return

The Quarterly VAT return must be submitted no later than the 25th day after the end of the tax quarter, reflecting gross income (for a seller of services) The Quarterly VAT return must reflect the consolidated amount for all taxable activities and all establishments – head office and branches.

The Summary List of Sales/Purchases must be submitted no later than the 25th day of the month following the end of the tax quarter – calendar or financial quarter.



