

COUNTRY PROFILE



Philippines

Tax overview

Corporate Income Tax	25%
Personal Income Tax	35%, progr.
Gift Tax	6%
Wealth Tax	6%
Inheritance Tax	None

Political and Legal System

The Philippines is a democratic State with a presidential form of government. The official language is English. The legal system applies a mix of civil law, common law, and Islamic law.

Currency and Exchange Controls

The currency is the Philippine Peso (PHP), and there are no exchange controls.

Corporate Income Taxation

Corporations resident in the Philippines are taxed on worldwide net income at 25%.

Personal Income Tax

Philippine residents are subject to tax on worldwide income at progressive rates up to 35%. Financial income is subject to special tax rates, depending on the nature of the income, e.g. interest, dividends, royalties, etc. Capital gains are taxed at ordinary income rates. Residents of the Philippines are subject to gift tax and inheritance tax at a flat rate of 6%.

Anti-Avoidance Rules

The Philippines has no General Anti-Avoidance Rules (GAAR), but "substance over form" principles are applied. The Philippines has Transfer Pricing rules based on OECD Guidelines. There are no per se Thin Capitalization rules, and there are no Controlled Foreign Corporation (CFC) rules.

Double Tax Treaties (DTTs)

The Philippines has DTTs with Canada, Hungary, Netherlands, New Zealand, Singapore, Spain, Switzerland, UK, and the US.

OECD Multilateral Convention

The Philippines has signed the OECD Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010, but it is not yet in effect. Signatories are required to exchange information "on request," and are authorized to exchange information spontaneously and automatically.

Common Reporting Standard (CRS)

The Philippines has not signed the Multilateral Competent Authority Agreement (MCAA) to implement CRS, and has not committed to a timeline to adopt CRS.

FATCA

The Philippines has entered into a FATCA Model 1 IGA with the United States for the automatic exchange of information, but it is not yet in effect.

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