



## Tax in a Dot Hot and fresh!

Dear Valued Clients and Friends,

### **Guidelines for Php82,000 tax-exempt bonuses** (Revenue Regulations No. 3-2015)

The new 82,000 tax-exempt threshold shall apply to the 13<sup>th</sup> month pay and other benefits which are paid or accrued beginning January 1, 2015.

The P82,000 ceiling shall cover the 13<sup>th</sup> month pay and other benefits as defined under Section 2.78.1(B)(11) of Revenue Regulations (RR) No. 2-98, as amended, and in no case shall apply to other compensation received by employees such as basic salary and other allowances. The exclusion shall not also apply to self-employed individuals and income generated from business.

Under Section 2.78.1(B)(11) of RR 2-98, the 13<sup>th</sup> month pay is equivalent to the mandatory one (1) month basic salary of officials and employees in both the private and public sectors. On the other hand, the term “other benefits” covers the Christmas bonus, productivity incentives, loyalty award, gift in cash or in kind and other benefits of similar nature actually received by officials and employees of both government and private offices.

RR 3-2015 was published today, March 16, 2015 and thus, it shall become effective on March 31, 2015.

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