



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City



FEB 25 2025

REVENUE REGULATIONS NO. 007-2025

SUBJECT : Implementing the Amendments to Sections 27, 28, and 34 of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 12066

TO : All Internal Revenue Officials, Employees and Others Concerned

SECTION 1. SCOPE. – Pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), in relation to Sections 1, 2, 4, and 32 of Republic Act (RA) No. 12066, these Regulations are hereby promulgated to implement Sections 27, 28, and 34 of the Tax Code, specifically on:

- (1) reduced income tax rates for domestic and resident foreign corporations classified as Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime (EDR) as provided in Section 294(C) of the Tax Code; and
- (2) additional allowable deductions from gross income under Section 34(C)(8) of the same Code.

SECTION 2. CORPORATE INCOME TAX RATES. – The income tax rates for domestic and resident foreign corporations pursuant to Sections 27 and 28 of the Tax Code, as amended by RA No. 12066, are as follows:

A. DOMESTIC CORPORATIONS:

PARTICULARS	INCOME TAX RATE	EFFECTIVITY
Domestic corporations, in general	25%	July 1, 2020
Domestic corporations with net taxable income not exceeding Five Million Pesos (P5,000,000.00) and with total assets not exceeding One Hundred Million Pesos (P100,000,000.00), excluding land on which the particular business entity's office, plant and equipment are situated, during the taxable year for which tax is imposed	20%	July 1, 2020

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PARTICULARS	INCOME TAX RATE	EFFECTIVITY
Domestic corporations classified as RBEs under the EDR as provided in Sec. 294(C) of the Tax Code	20%	November 28, 2024

B. RESIDENT FOREIGN CORPORATIONS:

PARTICULARS	INCOME TAX RATE	EFFECTIVITY
Resident Foreign Corporations, in general	25%	July 1, 2020
Resident Foreign Corporations classified as RBEs under the EDR as provided in Sec. 294(C) of the Tax Code	20%	November 28, 2024

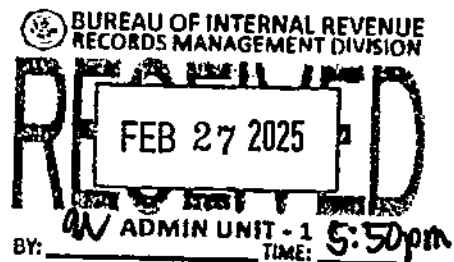
SECTION 3. APPLICABILITY OF THE REDUCED INCOME TAX RATE. – For RBEs under the EDR, the corporate income tax rate of twenty percent (20%) shall apply starting November 28, 2024 and shall only cover the taxable income derived from registered projects or activities during each taxable year. Income from non-registered projects or activities shall be subject to the applicable income tax rates.

SECTION 4. DEDUCTIBILITY OF INPUT TAX ATTRIBUTABLE TO VAT EXEMPT SALES. – Input tax paid on local purchases attributable to VAT-exempt sales shall be deductible from the gross income of the taxpayer in accordance with Section 34(C)(8) of the Tax Code.

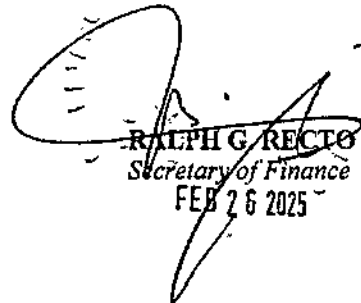

SECTION 5. TRANSITORY PROVISIONS. – For RBEs who availed of the EDR and have already filed their Annual Income Tax Return covering calendar year 2024 or fiscal year ending on or before the effectivity of these Regulations, the excess income tax payments as a result of the reduction of tax rate from twenty-five percent (25%) to twenty percent (20%) upon the effectivity of RA No. 12066 may be carried forward to the succeeding taxable quarter/year.

SECTION 6. SEPARABILITY CLAUSE. – If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 7. REPEALING CLAUSE. – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.



SECTION 8. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR Official Website, whichever comes first.


RALPH G. RECTO
Secretary of Finance
FEB 26 2025


Recommending Approval:




ROMEO D. LOMAGUI, JR.
Commissioner of Internal Revenue

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