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BIR MEDIA RELEASE

Individual Taxpayers to have lower Income Tax rates in 2023

Individuals Earning Purely Compensation Income (including Non-Business/Non-Profession Related Income and Single Proprietors) can look forward to a higher take-home pay in 2023.

This is per Republic Act (R.A.) No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, which took effect on January 1, 2018.

Under the TRAIN Law, starting January 1, 2023, those with annual taxable income below ₱ 250,000.00 are still exempt from paying personal Income Tax, while the rest of taxpayers, except those with taxable income of more than ₱ 8 Million, will have lower tax rates ranging from 15% to 30% by 2023. To maintain progressivity, the top individual taxpayers whose annual taxable income exceeds ₱ 8 Million were imposed a higher tax rate of 35% from the previous 32%.

The income tax on the individual's taxable income shall be computed based on the following schedules effective on **January 1, 2023 and onwards**:

If Taxable Income is:	Tax Due is:
Not over ₱ 250,000.00	0%
Over ₱ 250,000.00 but not over ₱ 400,000.00	15% of the excess over ₱ 250,000.00
Over ₱ 400,000.00 but not over ₱ 800,000.00	₱ 22,500.00 + 20% of the excess over ₱ 400,000.00
Over ₱ 800,000.00 but not over ₱ 2,000,000.00	₱ 102,500.00 + 25% of the excess over ₱ 800,000.00
Over ₱ 2,000,000.00 but not over ₱ 8,000,000.00	₱ 402,500.00 + 30% of the excess over ₱ 2,000,000.00
Over ₱ 8,000,000.00	₱ 2,202,500.00 + 35% of the excess over ₱ 8,000,000.00

Compared to the Income Tax rates imposed during the initial implementation of the TRAIN Law in 2018, the new annual Income Tax rates for Individuals significantly decreased by 5% for those with taxable income of more than ₱250,000.00 up to ₱2,000,000.00, while a 2% decrease in tax rate was noted for those individuals with taxable income of more than ₱2,000,000.00 up to ₱8,000,000.00.

“With the said reduction in the annual Income Tax rates, Individuals Earning Purely Compensation Income will have lower withholding tax deductions from their monthly

salary, thereby increasing their take-home pay,” said Commissioner Romeo D. Lumagui, Jr.

Effective January 1, 2023 and onwards, employers shall use the Revised Withholding Tax Table (as shown below) for the computation of Withholding Taxes on Compensation Income of their employees (as provided in Annex E of Revenue Regulations No. 11-2018).

REVISED WITHHOLDING TAX TABLE						
Effective January 1, 2023 and onwards						
DAILY	1	2	3	4	5	6
Compensation Range	P 685 and below	P 685 – P 1,095	P 1,096 – P 2,191	P 2,192 – P 5,478	P 5,479 – P 21,917	P 21,918 and above
Prescribed Withholding Tax	0.00	0.00 + 15% over P 685	P 61.65 + 20% over P 1,096	P 280.85 + 25% over P2,192	P 1,102.60 + 30% over P 5,479	P 6,034.00.30 + 35% over P 21,918
WEEKLY	1	2	3	4	5	6
Compensation Range	P 4,808 and below	P 4,808 – P 7,691	P 7,692 – P 15,384	P 15,385 – P 38,461	P 38,462 – P 153,845	P 153,846 and above
Prescribed Withholding Tax	0.00	0.00 + 15% over P 4,808	P 432.60 + 20% over P 7,692	P 1,971.20 + 25% over P 15,385	P 7,740.45 + 30% over P 38,462	P 42,355.65 + 35% over P 153,846
SEMI-MONTHLY	1	2	3	4	5	6
Compensation Range	P 10,417 and below	P 10,417 – P 16,666	P 16,667 – P 33,332	P 33,333 – P 83,332	P 83,333 – P 333,332	P 333,333 and above
Prescribed Withholding Tax	0.00	0.00 + 15% over P 10,417	P 937.50 + 20% over P 16,667	P 4,270.70 + 25% over P 33,333	P 16,770.70 + 30% over P 83,333	P 91,770.70 + 35% over P 333,333
MONTHLY	1	2	3	4	5	6
Compensation Range	P 20,833 and below	P 20,833 – P 33,332	P 33,333 – P66,666	P 66,667 – P 166,666	P 166,667 – P666,666	P 666,667 and above
Prescribed Withholding Tax	0.00	0.00 + 15% over P 20,833	P 1,875.00 + 20% over P 33,333	P 8,541.80 + 25% over P 66,667	P 33,541.80 + 30% over P 166,667	P 183,541.80 + 35% over P 666,667