



# **MCC TAX AND OTHER RELEVANT UPDATES**

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CERTIFIED PUBLIC ACCOUNTANTS

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## IMPORTANT UPDATES:

ISSUANCE   DATE ISSUED	SUMMARY
RR 18-2025   August 5, 2025	Amends RR No. 25-2003. The regulation removes <b>pick-ups</b> from the list of automobiles exempt from excise tax. Pick-ups are defined as vehicles with enclosed cabs and open bodies, characterized by low sides and tailgates.
RR 19-2025   August 5, 2025	The Bureau of Internal Revenue (BIR) issued <b>Revenue Regulations (RR) No. 19-2025</b> on <b>August 5, 2025</b> , implementing the provisions of the <b>Capital Markets Efficiency Promotion Act (CMEPA)</b> regarding the <b>Documentary Stamp Tax (DST)</b> . The issuance prescribes the <b>adjusted rates of DST</b> applicable to certain transactions and instruments as provided under the law.
RR 20-2025   August 5, 2025	The Bureau of Internal Revenue (BIR) issued <b>Revenue Regulations (RR) No. 20-2025</b> , implementing the <i>Capital Markets Efficiency Promotion Act (CMEPA)</i> , which adjusts the <b>Stock Transaction Tax (STT)</b> rates. Effective <b>July 1, 2025</b> , the tax on the sale, exchange, or other disposition of shares of stock and other securities—whether listed and traded through a local or foreign stock exchange—shall be <b>1/10 of 1% of the gross selling price or gross value in money</b> . Profits derived by licensed securities dealers from such transactions, when done for their own account in the regular course of business, will be treated as <b>ordinary income</b> subject to either graduated income tax rates (for individuals) or the regular corporate income tax rate (for corporations). Failure to pay the corresponding tax will result in the <b>non-registration of the shares</b> in the corporation's books.
RR 21-2025   August 5, 2025	The Bureau of Internal Revenue (BIR) issued <b>Revenue Regulations (RR) No. 21-2025</b> , announcing the new applicable rates on certain types of <b>passive income</b> pursuant to the recent amendments to the Tax Code under the <i>Capital Markets Efficiency Promotion Act (CMEPA)</i> . These adjustments cover income subject to final tax, aligning the tax treatment of passive income with the objectives of the CMEPA to promote capital market efficiency and investor participation.
RR 22-2025   August 8, 2025	The Bureau of Internal Revenue (BIR) issued <b>Revenue Regulations (RR) No. 22-2025</b> , providing guidelines on the <b>additional deductions allowable from private employers' gross income</b> for contributions to the <b>Personal Equity and Retirement Account (PERA)</b> . Employers may deduct from their gross income an amount equal to their actual PERA contributions for qualified employees, but not exceeding the maximum allowable employee contribution. In addition, an <b>extra deduction of 50%</b> of the employer's actual contribution is allowed, provided that: (1) employers contribute at least an amount equal to their employees' contributions, subject to the maximum limits under RR No. 17-2011 as amended by RR No. 7-2023, and (2) the employer contributes to the PERA of <b>all its employees</b> to qualify for the additional deduction.

## **DISCUSSION OF UPDATES**

### **REVENUE REGULATIONS 18-2025**

The Bureau of Internal Revenue has issued Revenue Regulations 18-2025 implementing Section 18 of Republic Act 11214, otherwise known as the Capital Markets Efficiency Promotion Act (CMEPA). This issuance effectively amends its earlier issuance in Revenue Regulations 25-2003.

Under the precursory issuance, there are items which were exempt from excise tax on automobiles, particularly those removals of locally manufactured/ assembled or release of imported automobiles from the place of production from customs' custody.

This issuance excludes pick-ups from the list of tax-exempt removals of automobiles. Pick-ups shall refer to motor vehicles having enclosed cabs and open bodies with low sides and tailgates.

To know more about this issuance, you may follow this link: [RR NO. 18-2025.pdf](#)

### **REVENUE REGULATIONS 19-2025**

Revenue Regulations 19-2025, which were issued on 5 August 2025, implement the provisions of the Capital Markets Efficiency Promotion Act (CMEPA) on Documentary Stamp Tax. Under the said issuance, the following are the adjusted rates of Documentary Stamp Tax:

<b>Taxable Document</b>	<b>Pre-CMEPA</b>	<b>CMEPA</b>
<b><i>Stamp Tax on Original Issue of Shares of Stock.</i></b>	2.00/200.00	75% of 1% of the par value of the shares.
<b><i>Stamp Tax on Bonds, Debentures, Certificate of Stock or Indebtedness Issued in Foreign Countries.</i></b>	Tax as is required by law on similar instruments when issued, sold or transferred in the Philippines.	75% of 1% of the value of the transaction.
<b><i>Stamp Tax on All Debt Instruments.</i></b>	1.50/200.00	75% of 1% of the issue price of any such debt instrument.

This issuance shall take effect on 1 July 2025.

You may access the complete details of this issuance through this link: [RR NO. 19-2025.pdf](#)

## REVENUE REGULATIONS 20-2025

The Bureau of Internal Revenue has issued Revenue Regulations 20-2025, which implements the provisions of the Capital Markets Efficiency Promotion Act (CMEPA) on the adjustment of rates related to Stock Transaction Tax (STT) on the sale or exchange of Domestic Shares of Stocks and Other Securities Listed and Traded Through a Foreign Stock Exchange.

Particulars	Tax Rate and Base	Effectivity
<b><i>Sale, exchange, or other disposition of shares of stock and other securities listed and traded through a local stock exchange</i></b>	1/10 OF 1% of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed	July 1, 2025
<b><i>Sale, exchange, or other disposition of shares of stock and other securities listed and traded through a foreign stock exchange</i></b>	1/10 OF 1% of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed	July 1, 2025

Any profit from selling, exchanging, or disposing of listed shares of stock and other securities by a licensed securities dealer—when done for their own account in the regular course of business—will be treated as ordinary income. It will be taxed using the graduated income tax rates for individuals or the regular corporate income tax rates for corporations.

Failure to pay the tax due shall result to non-registration of the shares in the books of the corporation.

For complete details of this issuance, you may refer to the following link: [RR NO. 20-2025.pdf](#)

## REVENUE REGULATIONS 21-2025

The Bureau of Internal Revenue has issued Revenue Regulations 21-2025 announcing the new applicable rates on certain passive income brought about by the recent amendments of the Tax Code by Capital Markets Efficiency and Promotion Act (CMEPA)

## TAX ON INDIVIDUALS (Effective July 1, 2025)

### A. Citizen, Resident Alien, and Non-Resident Alien Engaged in Trade or Business

Sections of the Tax Code	Particulars	Income Tax Rate
Sections 24(B)(1) and 25(A)(1), in relation to the last paragraph of Section 27(D)(2)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income of non-residents, whether individuals or corporations, from transactions with depository banks under the expanded system which shall be exempt from income tax	20%
Sections 24(B)(1) and 25(A)(1)	Prizes (except prizes amounting to ₱10,000 or less which shall be subject to graduated tax rates under Section 24(A) of the Tax Code)	20%
Sections 24(B)(1) and 25(A)(1)	Other Winnings (except winnings amounting to ₱10,000 or less from Philippine Charity Sweepstakes and Lotto which shall be exempt)	20%
Sections 24(B)(2) and 25(A)(2)	Cash and/or Property Dividends	10% – except for Non-Resident Alien Engaged in Trade or Business which is subject to income tax rate of 20%
Sections 24(B)(3) and 25(A)(1)	Capital Gains – Sale, exchange or other disposition of shares of stock in a domestic or foreign corporation <b>not traded</b> in a local or foreign stock exchange. (Note: Shares of a domestic corporation sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127(A) and (B) of the Tax Code)	15%
Sections 24(B)(4) and 25(A)(1)	Capital Gains from Sale of Real Property	6% on gains presumed to have

<b>Sections of the Tax Code</b>	<b>Particulars</b>	<b>Income Tax Rate</b>
		been realized from the sale, exchange, or other disposition of real property classified as capital assets
Sections 24(B)(5) and 25(A)(1)	Royalties on books, as well as other literary works and musical compositions	10%
Section 25(A)(3), in relation to Section 28	Cinematographic films and similar works by a Non-Resident Cinematographic Film Owner, Lessor or Distributor	25%
Section 27(D)(2)	Any income of non-residents from transactions with depository banks under the expanded system	Exempt

#### **B. Non-Resident Alien Not Engaged in Trade or Business**

<b>Sections of the Tax Code</b>	<b>Particulars</b>	<b>Income Tax Rate</b>
Section 25(B), in relation to Section 27(D)(2)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income from transactions with depository banks under the expanded system which shall be exempt from income tax	25% (or tax treaty rate)
Section 25(B)	Cash and/or Property Dividends	25% (or tax treaty rate)
Section 25(B)	Rents, royalties, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income	25% (or tax treaty rate)



Sections of the Tax Code	Particulars	Income Tax Rate
Section 25(B), in relation to Section 24(B)(3)	Capital Gains – Sale, exchange or other disposition of shares of stock <b>not traded</b> in a local or foreign stock exchange. (Note: Shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127(A) and (B) of the Tax Code)	15% (or tax treaty rate)
Section 25(B), in relation to Section 24(B)(4)	Sale of real property	6% on gains presumed to have been realized from the sale, exchange, or other disposition of real property classified as capital assets
Section 27(D)(2)	Any income of non-residents from transactions with depository banks under the expanded system	Exempt

## CORPORATIONS (Effective July 1, 2025)

### A. Domestic and Resident Foreign Corporations

Sections of the Tax Code	Particulars	Income Tax Rate
Sections 27(D)(1) and 28(A)(1)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure	20%
Sections 27(D)(2) and 28(A)(6)	Income derived by a depositary bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by BSP to transact business with foreign currency deposit system units and other depositary banks under the expanded foreign currency deposit system	Exempt from all taxes
Sections 27(D)(2) and 28(A)(6)	Interest income from foreign currency loans granted by such depositary banks under said expanded systems to residents other than offshore banking units in the Philippines or other depositary banks under the expanded system	10%
Sections 27(D)(3) and 28(A)(1)	Intercorporate dividends received from a domestic corporation	Exempt
Section 27(D)(4)	Capital Gains – Sale, exchange or other dispositions of shares of stock of a domestic or foreign corporation not traded in a local or foreign stock exchange (Note: shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127(A) and (B) of the Tax Code)	15%
Section 27(D)(5)	Capital Gains Realized from the Sale, Exchange, or Disposition of Land and/or Buildings (for Domestic Corporations)	6% on the gain presumed to have been realized



<b>Sections of the Tax Code</b>	<b>Particulars</b>	<b>Income Tax Rate</b>
Sections 27(D)(6) and 28(A)(1)	Royalties earned as Passive Income	20%

## **B. Non-Resident Foreign Corporations**

<b>Sections of the Tax Code</b>	<b>Particulars</b>	<b>Income Tax Rate</b>
Section 28(B)(1), in relation to Section 28(A)(6)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income from transactions with depository banks under the expanded system	25% (or tax treaty rate)
Section 28(B)(5)(b)	Cash and/or Property Dividends received from a domestic corporation (subject to conditions of shareholder's residence, deemed tax credit, and absence of foreign tax on dividends)	15% (subject to conditions)
Section 28(B)(1)	Rents, royalties, salaries, premiums (except reinsurance premiums), annuities, compensation, emoluments, or other fixed or determinable annual, periodic or casual gains, profits, and income, except capital gains subject to tax under Sec 28(A)(1)	25% (or tax treaty rate on royalties)
Section 28(B)(5)(c)	Capital Gains – Sale, exchange or other dispositions of shares of stock of a domestic corporation not traded in a local or foreign stock exchange (Note: shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127(A) and (B) of the Tax Code)	15% (or tax treaty rate)
Section 28(A)(6)(b)	Any income of non-resident corporations from transactions with depository banks under the expanded system	Exempt

## **INCLUSIONS IN THE GROSS INCOME**

The following items are considered included in the computation of gross income:

Item	Particulars
(1)	Equity-based compensation, such as stock options, restricted stock units, stock appreciation rights, and similar items. Provided, that equity-based compensation shall be included in the gross income at the time of exercise.
(2)	Gains realized from the sale, exchange, or retirement of bonds, debentures or other certificate of indebtedness including those with a maturity period of more than five (5) years. If traded through a local or foreign stock exchange, these are subject to stock transaction tax (STT) under Section 127 of the Tax Code. Otherwise, they are subject to ordinary income tax (graduated rates) for individuals and regular corporate income tax for corporations.

### EXCLUSION FROM GROSS INCOME

The following items are considered included in the computation of gross income:

Item	Particulars
(1)	Interest Income and Gains from the Sale, Transfer, or Disposition of Project-Specific Bonds – Specific bonds that are issued by the Republic of the Philippines or any of its instrumentalities to finance capital expenditures or programs covered by the Philippine Development Plan or its equivalent and other high-level priority programs of the national government, as determined by the Secretary of Finance.
(2)	Gains from Redemption of Shares or Units of Participation in Mutual Fund and Unit Investment Trust Fund – Gains realized by the investor upon redemption of shares of stock in a mutual fund company as defined in Section 22 (BB) of the Tax Code, or units of participation in a Mutual Fund or Unit Investment Trust Fund. <i>Provided</i> , that prior to such redemption, final taxes due on realized gains have been previously withheld at the level of the underlying assets

### ADDITIONAL ALLOWABLE DEDUCTIONS

Additional allowable deductions are allowed in cases where dealer in securities or an entity licensed by the appropriate agencies to buy and sell securities are ascertained to be worthless as the same shall be considered an ordinary loss.

For more information on this issuance, you may visit the following link: [RR NO. 21-2025.pdf](#)

## **REVENUE REGULATIONS 22-2025**

The Bureau of Internal Revenue has issued Revenue Regulations 22-2025 concerning the additional deductions allowable from private employer's gross income which contribute to PERA which shall be equal to the actual contributions made by the employer to employees qualified to PERA but in no case greater than the amount of maximum allowable contribution of an employee.

Meanwhile, additional deduction of 50% of the actual contribution of the employer to PERA shall be allowed subject to the following conditions:

- Private Employers must contribute to an amount at least equal to the contributions of their employees, subject to the maximum allowable contribution under RR 17-2011 as amended by RR no. 7-2023; and
- Only private employers that contribute to all of their employees' PERA shall be eligible to the additional allowable deduction.

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