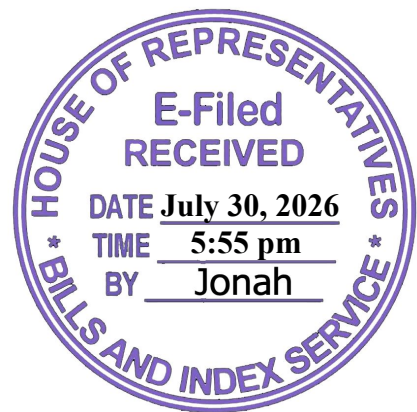


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 10464



Introduced by **REPRESENTATIVE MARCELINO 'MARCY' R. TEODORO**

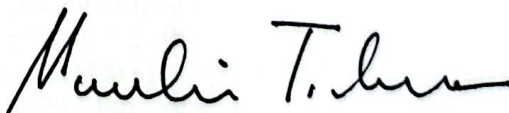
EXPLANATORY NOTE

Pursuant to the economic directives set forth in President Marcos Jr.'s State of the Nation Address (SONA), this measure amends the Minimum Corporate Income Tax (MCIT) framework to establish a more equitable and competitive fiscal policy for micro and small enterprises.

While the National Internal Revenue Code (NIRC) generally requires a 2% MCIT on gross corporate income to fund public services, it must also protect businesses in crisis. This measure clarifies and strengthens the Secretary of Finance's authority to suspend MCIT collection for corporations in financial distress, allowing viable businesses to stabilize, maintain operations, and preserve local employment.

By balancing responsible tax collection with timely reprieve for struggling enterprises, this bill seeks to achieve a key policy goal: maintaining fiscal responsibility while delivering strategic relief to foster sustained economic recovery

In view of the abovementioned, the earliest passage of this measure is strongly sought.


REP. MARCELINO "MARCY" TEODORO
1st District, Marikina City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 10464

Introduced by **REPRESENTATIVE MARCELINO 'MARCY' R. TEODORO**

AN ACT

EXEMPTING MICRO AND SMALL BUSINESSES FROM PAYING THE MINIMUM CORPORATE INCOME TAX, AMENDING FOR THE PURPOSE SECTION 27 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 27 (E) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 27. Rates of Income Tax on Domestic Corporations. –

(A) x x x

(B) x x x

(C) x x x

(D) x x x

(E) Minimum Corporate Income Tax on Domestic Corporations. –

"(1) Imposition of Tax. - A minimum corporate income tax of two percent (2%) of the gross income as of the end of the taxable year, as defined herein, is hereby imposed on a corporation taxable under this Title, beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum income tax is greater than the tax computed under Subsection (A) of this Section for the taxable year: *[Provided, That effective July 1, 2020 until June 30, 2023, the rate shall be one percent (1%)]* **PROVIDED, THAT BEGINNING JANUARY 1, 2027, ALL MICRO AND SMALL BUSINESSES ORGANIZED AS CORPORATIONS, AS**

DEFINED IN SECTION 22 (B) OF THE NIRC, AS AMENDED, SHALL
BE EXEMPT FROM THE MINIMUM CORPORATE INCOME TAX."

"x x x x x"

SEC. 2. *Implementing Rules and Regulations.* - Within thirty (30) days from the effectivity of this Act, the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation.

SEC. 3. *Separability Clause.* - If any provision of this Act is subsequently declared invalid or unconstitutional, the other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,