



# PHILIPPINES

Philippines - Mixed (Spanish civil and Sharia law)

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In a hurry? Click incorporate now, and startup your company immediately.

## Incorporating a company in Philippines

# Philippines taxes

Do you want to incorporate in Philippines? This will tell you about tax laws for a Holding Company which is the most common legal entity in Philippines.

Philippines resident entities are liable to corporate tax on their worldwide income. The predominant tax rate for offshore income, from our research, and this is not personal tax advice, is 30%. Income from a foreign subsidiary is taxed only when is paid as a dividend, where as income from foreign branch is taxed as it accrues. Corporate Income Tax standard rate is 30%. A 10% surtax may apply to improperly undistributed profits. Philippines ranks 136th when compared to corporate tax rate worldwide.

The VAT rate is 12.00%, that ranks Philippines as 62nd when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 7.67% to the equivalent of a social security fund and an employee will contribute 3.69%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 38hours. Contributing to this is the number of yearly labor tax payments, which is 6 in PH.

Thin capitalisation mandates aren't in effect. Thin capitalisation refers to any sort of laws on companies' debt-to-asset ratios.

Dividends distributed between resident companies are not taxable. Dividends from foreign entities may be included in corporate income tax base. A dividend is a distribution of earnings of the legal entity, passed by the board of directors, to a particular class of shareholders. Dividends can be either stock, cash, or property.

There is a Capital Gains Tax. The sales of shares listed on the Stock Exchange may be taxed at a 0.5% of gross selling price. Gains on the sale of non-listed shares may be subject to a withholding tax of 5% on the first PHP 100,000 and 5% on the excess. Gains derived on the sales of real property not used in a business may be subject to 6% withholding tax.

The interest withholding tax rate is estimated at 20%. This means that the relevant tax authorities expects entities to pay tax on 20% of interests remitted abroad. The dividends withholding tax rate is 15%, provided that the country of the recipient allows a tax credit of 15%. Otherwise dividends withholding tax may be 30%. The royalties withholding tax rate 30%. Which means that the relevant tax authorities expects resident entities to pay tax on 30% of royalty payments to non-residents.

There is no known tax on wealth in Philippines. There are inheritance, real property and transfer taxes in Philippines. We are aware of well known research and development tax relief in Philippines.

The above is not tax or legal advice for your particular personal tax obligations. We can to help you to find a lawyer in Philippines who can give you an answer. Contact us today. Click the free consultation button above or press incorporate now if you are in a hurry.

The vat rate in Philippines is 12% which ranks 61 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✓ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 41 Tax treaties
- 30% Offshore Tax
- 30% Corp rate
- Loss carryback years
- 42 Corporate time
- 12% VAT rate
- 10% Capital gains

# Philippines Legalese

When incorporating, you must look at the law in the country, in Philippines is mixed (spanish civil and sharia law) law. You will want to get some local advice as to how to best structure a company in Philippines. Electronic signatures are permitted.

The letters PH is for Philippines and the most common company type type in Philippines is a Holding Company.

The average time to incorporate is 8 weeks to incorporate a Holding Company in PH. The types of currencies you can use to capitalize your company is most commonly any legal tender.

Yes, one is allowed to re-domicile a Holding Company from PH. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a Holding Company in PH by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the legal entity.

A company is only required to have one director. Additionally, corporate directors are permitted. Directors data is typically not exposed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for a legal services company which can receive any official legal correspondence on behalf of the company. However, a company secretary is a requirement.

There is a legal obligation to file accounts on a yearly basis. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Philippines is a good option and have given it a score of 73 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 8 weeks to form**



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## Country Info



🚩 National Flag of

**Republic of the  
Philippines (eng)**

**Republic of the  
Philippines (fil)**

\$ Currency

**PHP**

☎ Area Code

**+63**

🏛 Capital

**Manila**

📍 Region

**South-Eastern Asia**

🗣 Native Languages

**English**

**Filipino**