

[ **BIR REVENUE REGULATIONS NO. 5-2011, March 16, 2011** ]

**FURTHER AMENDMENTS TO REVENUE REGULATIONS NOS. 2-98 AND 3-98, AS LAST AMENDED BY REVENUE REGULATIONS NO. 5-2008, WITH RESPECT TO "DE MINIMIS BENEFITS"**

Pursuant to Sections 4 and 244 in relation to Section 33 of the Tax Code of 1997, these Regulations are hereby promulgated to further amend Revenue Regulations (RR) No. 2-98, as last amended by RR No. 5-2008, with respect to "De Minimis" benefits which are exempt from income tax on compensation as well as from fringe benefit tax.

**SECTION 1.** Section 2.78.1 (A) (3) (c) and (d) of RR 2-98, as last amended by RR 5-2008, is hereby further amended to read as follows:

*"Sec. 2.78.1. Withholding of Income Tax on Compensation Income. —*

*(A) . . .*

*(1) . . .*

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*(3) Facilities and privileges of relatively small value. — . . .*

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*The following shall be considered as "de minimis" benefits not subject to income tax as well as withholding tax on compensation income of both managerial and rank and file employees:*

*(a) Monetized unused vacation leave credits of private employees not exceeding ten (10) days during the year;*

*(b) Monetized value of **vacation and sick** leave credits paid to government officials and employees;*

*(c) Medical cash allowance to dependents of employees, not exceeding P750 per employee per semester or P125 per month;*

(d) Rice subsidy of P1,500 or one (1) sack of 50 kg. rice per month amounting to not more than P1,500;

(e) Uniform and Clothing allowance not exceeding P4,000 per annum;

(f) Actual medical assistance, e.g., medical allowance to cover medical and healthcare needs, annual medical/executive check-up, maternity assistance, and routine consultations, not exceeding P10,000.00 per annum;

(g) Laundry allowance not exceeding P300 per month;

(h) Employees achievement awards, e.g., for length of service or safety achievement, which must be in the form of a tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not discriminate in favor of highly paid employees;

(i) Gifts given during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum;

(j) Daily meal allowance for overtime work and night/graveyard shift not exceeding twenty-five percent (25%) of the basic minimum wage on a per region basis;

**All other benefits given by employers which are not included in the above enumeration shall not be considered as "de minimis" benefits, and hence, shall be subject to income tax as well as withholding tax on compensation income.**

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**SECTION 2.** Section 2.33 (C) of RR 3-98, as last amended by RR 5-2008, is hereby further amended to read as follows:

"Sec. 2.33. Special Treatment of Fringe Benefits. —

(A) Imposition of Fringe Benefits Tax — . . .

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(B) Definition of Fringe Benefit — . . .

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(C) Fringe Benefits Not Subject to Fringe Benefit Tax — In general, the fringe benefit tax shall not be imposed on the following fringe benefits: