

Question 1

It is the tax rate imposed on the gross income of nonresident cinematographic film owner, lessor, or distributor.

**Response: 25%**

Question 2

Which is NOT among the provisions for deductibility?

**Response: Something incurred inside and outside the Philippines**

Question 3

It is a branch established in the Philippines by multinational companies, which are engaged in general administration and planning, business planning and coordination, or sourcing and procurement of raw materials and components.

**Response: Regional operating headquarters**

Question 4

This is usually valued and taxable to the extent of the fair market value of the assets received at the time of declaration.

**Response: Property dividend**

Question 5

Analyze the following statements:

Statement I: Non-eFPS tax filer may opt to use the electronic format under "eBIRForms" for the preparation, generation, and submission and/or payment of this return with greater ease and accuracy.

Statement II: In case of 'no-payment returns,' the same shall be filed with the Revenue District Offices (RDO) where the taxpayer is registered.

**Response: Both statements are correct.**

Question 6

Which of the following is a remedy of the government in tax collection?

**Response: Protest**

Value added

Question 8

What is the income tax rate for domestic corporation?

**Response: 30%**

20%

Question 7

A domestic proprietary educational institution improved its library facilities by adding a new wing to its library building. For income tax purposes, which of the following is the treatment for the capital outlay on library improvement?

Response: Capitalized or expensed outright at the option of the school owners

Question 9

These are actions instituted by the government to collect internal revenue taxes.

Response: Civil actions

Question 10

For these items to be deductible, the employer must have established a retirement plan to provide for the payment of reasonable retirement fund to his employees.

Response: Pension trusts contributions of employees

Question 11

Which of the following individuals is required to file and income tax return?

Response: Resident citizen who falls under the classification of minimum wage earners

Question 12

Analyze the following:

Statement I: Passive income is included in the computation of taxable income from compensation or business/professional income.

Statement II: Only payments specified in the Consolidated Withholding Tax Regulations are subject to final withholding tax.

Response: Statement I is incorrect; Statement II is correct.

Question 13

This is an obligation imposed or a right to administer over a property given to a person for the benefit of another.

Response: Trust

Question 14

This is the reduction in service value of the property used in business or trade arising from exhaustion, wear and tear, and obsolescence.

Response: Depreciation

Question 15

Which of the following is a requisite for deductibility of bad debts?

Response: [none]

Question 16

As a rule, there is no income tax if there is no income. Which of the following is the exception?

Response: [none]

Question 17

This evidence of purpose in avoiding income tax states that any corporation is a mere holding company or investment company and shall be accepted as correct until proved otherwise.

Response: Prima facie evidence

Question 18

Analyze the following:

Statement I: Non-resident foreign corporation applies to a foreign corporation engaged in trade or business within the Philippines.

Statement II: Resident foreign corporation applies to a foreign corporation not engaged in trade or business in the Philippines.

Response: Statement I is correct while statement II is incorrect.

Question 19

Analyze the following statements:

Statement I: Regional or area headquarters do not earn or derive income from the Philippines.

Statement II: Regional operating headquarters involve development services and product development, technical support and maintenance, data processing and communications, and business development.

Response: Both statements are correct.

Question 20

Which of the following statements is FALSE?

Response: The State can have the power of taxation even if the Constitution does not expressly give it the power to tax.

Question 21

Which of the following is the basis in computing fringe benefits tax?

Response: Grossed-up monetary value

Question 22

What does eFPS stand for?

Response: Electronic Filing and Payment System

Question 23

The individual income tax return of a fixed earner (employee) is filed on or before:

Response: April 15 of the following taxable year

Question 24

Which of the following is the limit of exemption for uniform and clothing allowance?

Response: P500 per month

Question 25

Which of the following describes withholding tax on wages?

Response: The income recipient is still required to file an income tax return to report the income and pay the difference between the tax withheld

Question 26

Which of the following is included in the gross Philippine billings for income tax purposes of an international air carrier?

Response: Tickets sold outside the Philippines for passengers originating from outside the Philippines

Question 27

Which of the following DOES NOT belong to the essential characteristics of taxation?

Response: Levied for a public purpose

Question 28

All of the following are excluded from gross income, EXCEPT:

Response: Compensation income

Question 29

Which of the following is NOT deductible from gross income?

Response: Entertainment, amusement, and recreational expenses

Question 30

On what date are individuals engaged in business or practice of profession required to file their second quarterly return?

Response: August 15

### 05 Final Withholding Tax on Passive Income

1. Mac, married, with two (2) dependent children, received the following income:

Which of the following is the total final tax, assuming Mac is a **non-resident alien NOT engaged** in trade or business? **Response: P687,500**

Rent, Philippines	P1,000,000
Rent, Hong Kong	200,000
<b>Interest, peso deposit, MBTC</b>	<b>100,000</b>
Interest, U.S. deposit, BDO ( $\$10,000 \times 54$ )	540,000
Prize (cash) won in a local contest	8,000
<b>Prize (TV) won in a local lottery</b>	<b>50,000</b>
<b>PCSO/Lotto Winnings</b>	<b>2,000,000</b>
Prize won in a contest in U.S.	300,000
Lotto winnings in U.S.	100,000
<b>Dividend, domestic company</b>	<b>600,000</b>
<b>Solution:</b>	
Interest, peso deposit, MBTC ( $100,000 \times 25\%$ )	25,000
Interest, U.S. deposit, BDO ( $540,000 \times 25\%$ )	Exempt

Prize (TV) won in a local lottery (50,000 x 25%)	12,500
PCSO/Lotto winnings (2,000,000 x 25%)	500,000
<u>Dividend, domestic company (600,000 x 25%)</u>	<u>150,000</u>
Total Final Withholding Tax	P687,500

2. Mac, married, with two (2) dependent children, received the following income:

Which of the following is the total final tax, assuming Mac is a **non-resident alien engaged** in trade or business? **Response: P150,000**

\*\*\* The exemption of PCSO/Lotto winnings for NRAETB was not repealed under TRAIN Law (Tabag, 2018).

Rent, Philippines	P1,000,000
Rent, Hong Kong	200,000
<b>Interest, peso deposit, MBTC</b>	<b>100,000</b>
Interest, U.S. deposit, BDO (\$10,000 x 54)	540,000
Prize (cash) won in a local contest	8,000
<b>Prize (TV) won in a local lottery</b>	<b>50,000</b>
PCSO/Lotto Winnings	2,000,000
Prize won in a contest in U.S.	300,000
Lotto winnings in U.S.	100,000
<b>Dividend, domestic company</b>	<b>600,000</b>
<b>Solution:</b>	
Interest, peso deposit, MBTC (100,000 x 20%)	20,000
Interest, U.S. deposit, BDO (540,000 x 15%)	Exempt
Prize (TV) won in a local lottery (50,000 x 20%)	10,000
PCSO/Lotto winnings (2,000,000 x 20%)	***
<u>Dividend, domestic company (600,000 x 20%)</u>	<u>120,000</u>
Total Final Withholding Tax	P150,000

3. Mac, married, with two (2) dependent children, received the following income:

Which of the following is the total final tax, assuming Mac is a **resident citizen**? **Response: P571,000**

Rent, Philippines	P1,000,000
Rent, Hong Kong	200,000
<b>Interest, peso deposit, MBTC</b>	<b>100,000</b>
<b>Interest, U.S. deposit, BDO (\$10,000 x 54)</b>	<b>540,000</b>
Prize (cash) won in a local contest	8,000
<b>Prize (TV) won in a local lottery</b>	<b>50,000</b>
<b>PCSO/Lotto Winnings</b>	<b>2,000,000</b>
Prize won in a contest in U.S.	300,000
Lotto winnings in U.S.	100,000
<b>Dividend, domestic company</b>	<b>600,000</b>
<b>Solution:</b>	
Interest, peso deposit, MBTC (100,000 x 20%)	20,000
Interest, U.S. deposit, BDO (540,000 x 15%)	81,000
Prize (TV) won in a local lottery (50,000 x 20%)	10,000
PCSO/Lotto winnings (2,000,000 x 20%)	400,000

Dividend, domestic company (600,000 x 10%)	60,000
Total Final Withholding Tax	P571,000

4. Mac, married, with two (2) dependent children, received the following income:

Which of the following is the total final tax, assuming Mac is a non-resident citizen? **Response: P490,000**

Rent, Philippines	P1,000,000
Rent, Hong Kong	200,000
<b>Interest, peso deposit, MBTC</b>	<b>100,000</b>
Interest, U.S. deposit, BDO (\$10,000 x 54)	540,000
Prize (cash) won in a local contest	8,000
<b>Prize (TV) won in a local lottery</b>	<b>50,000</b>
<b>PCSO/Lotto Winnings</b>	<b>2,000,000</b>
Prize won in a contest in U.S.	300,000
Lotto winnings in U.S.	100,000
<b>Dividend, domestic company</b>	<b>600,000</b>

**Solution:**

Interest, peso deposit, MBTC (100,000 x 20%)	20,000
Interest, U.S. deposit, BDO (540,000 x 15%)	Exempt
Prize (TV) won in a local lottery (50,000 x 20%)	10,000
PCSO/Lotto winnings (2,000,000 x 20%)	400,000
<u>Dividend, domestic company (600,000 x 10%)</u>	<u>60,000</u>
Total Final Withholding Tax	P490,000

5. This is usually valued and taxable to the extent of the fair market value of the property received at the time of declaration. **Property Dividend**

6. This is a payment or portion of proceeds paid to the owner of a right, such as an oil right or a patent for the use of it, or a portion of the proceeds from the work of an author or composer. **Royalty Income**

7. This is an earning derived from depositing or lending of money, goods, or credits. **Interest Income**

8. This is valued & taxable to the extent of amount of money received by the stockholder. **Cash Dividend**

9. As a general rule, these are not subject to tax because they simply involve a transfer of the retained earnings to the paid-in capital account, depending on some circumstances that might exist. **Pure Stock Dividends**

10. This is prescribed only for certain payors and is not creditable against the income tax due of the payee for the taxable year. **Final Withholding Taxes**

11. This is a form of earnings derived from the distribution made by a corporation out of its earnings or profits and payable to its stockholders, whether in money or other property. **Dividend Income**

12. This income is not included in the computation of taxable income from compensation or business/professional income. **Passive Income**

### 06 Fringe Benefits Tax

1. Which of the following statements about grossed-up monetary value is correct?

Statement I: The grossed-up monetary value of the fringe benefit is simply a figure meant to represent the entire income earned by the employee.

Statement II: The grossed-up monetary value includes the net amount of money received, the net monetary value of any property received, and the amount of fringe benefits tax received by the employee from the employer.

**Response: Both statements**

2. In general, which if the following is the applicable rate in computing fringe benefits tax starting 2018?

**Response: 35%**

3. Which of the following statements regarding grossed-up monetary value is correct?

Statement I: The grossed-up monetary value of the of the fringe benefit is determined by dividing the monetary value of the fringe benefit by the grossed-up monetary value factor.

Statement II: The grossed-up monetary value of the benefit is generally the total allowable deduction of the employer from his gross income.

**Response: Both statements**

4. Who/Which among the following is an employer subject to fringe benefits tax? **Response: All of these**

5. Which of the following is subject to fringe benefits tax? **A choice cannot be more than 600 characters - truncated: Compensation income of managerial employees No Taxable fringe benefits of managerial employees Yes De minimis benefits of managerial employees No**

6. Which of the following statements is correct?

Statement I: Fringe benefit is an income tax. Accordingly, the one liable under the law to pay the fringe benefits tax is the employee.

Statement II: Fringe benefits tax is a final tax imposed on the employee withheld by the employer, computed based on the monetary value of the fringe benefit.

**Response: Neither I nor II**

7. Which of the following is the basis in computing fringe benefits tax? **Grossed-up monetary value**

8. How much is the allowable deduction from business income of a domestic corporation which granted and paid P136,000 fringe benefits to its key officers during the 2018 taxable year? **136,000/.65 P209,230.76**

9. Analyze the following statements:

Statement I: Grossed-up monetary value is reflected in the books of accounts as fringe benefit expense and fringe benefits tax expense.

Statement II: Any amount not withheld by the employer on the employee's salary is the liability of the employee.

**Response: Statement I is correct**

10. Which of the following statements is correct?

Statement I: Fringe benefit is a payment which may be in a form of property, services, cash, or cash equivalent to supplement a stated pay for the performance of service under an employee-employer relationship.

Statement II: Fringe benefit is a final tax imposed on the employee withheld by the employer, computed based on the monetary value of the fringe benefit.

**Response: Statement I**

11. Analyze the following statements:

Statement I: The grossing up of fringe benefits was adopted to align the tax treatment of fringe benefits with salaries and wages.

Statement II: The grossed-up monetary value of the fringe benefit includes the net amount of money received or the net monetary value of any property received and the amount of fringe benefits tax.

**Response: Both statements are correct**

12. Which of the following statements is correct?

Statement I: Fringe benefits subject to fringe benefits tax shall be included in the income tax return of the employee.

Statement II: Fringe benefits are subject to fringe benefits tax cover only for those which are given or furnished to a managerial or supervisory employee.

**Response: Statement II**

13. Analyze the following statements:

Statement I: A fringe benefit is any good, service, or other benefit furnished or granted by an employer in cash or kind, in addition to basic salaries to an individual employee.

Statement II: The term "compensation" means all remuneration for services performed by an employee for his employer under an employer-employee relationship unless specifically excluded by the Code.

**Response: Both statements are correct**

14. How much is the fringe benefits tax if a domestic corporation granted and paid P136,000 fringe benefits to its key officers? **136,000/.65 P209,230.76x.35 P73,230.85**

15. Which of the following is the applicable rate of fringe benefits tax if the employee is a non-resident alien not engaged in trade or business? **Response: 25%**

## 07 Gross Income

1. This is taxable if voluntary availed of and shall not be taxable if involuntary. **Separation pay**

2. These are payments given in recognition for services performed for which established practice discourages charging a fixed fee. **Honoraria**

3. These are lump sum payments received by an employee who has served a company for a considerable period and has decided to withdraw from work into privacy. **Retirement pay**

4. This is a stated allowance paid regularly to a person on his retirement or his dependents on his death, in consideration of past services, exemplary work, age, loss, or injury. **Pension**

5. Accordingly, to the law, any amount of this pay in excess of P90,000 will be taxable. **13th month pay**

6. These are payments where an employer pays the income tax owed by an employee are additional compensation income. **Beneficial payments**

7. These are direct payments to an employee, which are not accounted for by the employee to the employer, and are considered taxable income, but not subject to withholding tax. **Tips and gratuities**

8. This is any good, service, or other benefit furnished or granted by an employer, in cash or kind, in addition to basic salaries of an individual employee. **Fringe benefit**

9. These are earnings received usually according to specified intervals of work, as by the hour, day, or week. **Wages**

10. Which of the following will be the treatment for a cash dividend received by a non-resident corporation from a domestic corporation? **Subject to final tax**

11. These are the proportionate shares in the profits of the business received by the employee in addition to his wages. **Profit sharing**

12. Which of the following is considered as gross income? **Share in the net income of a general professional partnership**

13. This is a privilege of relatively small value as given by the employer to the employees. **De minimis**

14. These are additional payments received due to workers' exposure to danger or harm while working. **Hazard pay**

15. These are the amount received as a reward for suggestions to employer resulting in the prevention of theft or robbery. **Awards for special services**

16. These are earnings received periodically for regular work other than manual labor. **Salaries**

17. These are received by an employee for the services rendered to the employer. **Fee**

18. Which of the following is NOT part of the gross income? **Gift, bequest, and devises**

19. This refers to premium payment received for working beyond regular hours of work, which is included in the computation of gross salary of the employee. **Overtime pay**

20. These are usually computed as a percentage of total sales or on a certain quota of sales volume attained as part of the incentive. **Commissions**

## 08 Deductions from Gross Income

1. Analyze the following:

Statement I: A taxpayer can only deduct an item or amount from the gross income only if there is a law authorizing such a deduction.

Statement II: For income tax purposes, a taxpayer is free to deduct from the gross income the full amount of the deduction allowed, or a lesser amount, or not to claim any deduction at all.

**Response: Both statements are correct**

2. Analyze the following:

Statement I: The taxpayer has the burden of justifying the allowance of any deduction claimed.

Statement II: Deductions are strictly construed against the government.

**Response: Both statements are correct**

3. Analyze the following:

Statement I: Deductions are items or amounts which are allowed to be subtracted from gross income to arrive at the taxable income.

Statement II: Exclusions are receipts which are excluded from the gross income, hence, do not form part of the gross income.

**Response: Both statements are correct**

4. Analyze the following:

Statement I: Deductions from gross income are not presumed.

Statement II: As a rule, stated deductions mean itemized deductions.

**Response: Both statements are correct**

5. In the conduct of his business in 201A, Modesto found it necessary to give gifts to the government officials with whom he had official dealings. Which of the following is BEST described in the scenario?

**Response: The value of the gifts are considered as bribes and not allowed to be deductible.**

6. Which of the following is NOT a characteristic of a deduction? **It is an immunity, privilege, or freedom from a charge or burden to which others are subjected.**

7. Which of the ff is NOT deductible from gross income? **Bribes, kickbacks, and other similar payments**

8. Lester bought equipment under a two-year installment basis to be used in his office in the practice of his profession. Lester will pay P50,000 monthly for 12 months. For income tax purposes, which of the following will be the treatment for the monthly payment of P50,000? **As a capital expenditure, hence not deductible**

9. Analyze the following:

Statement I: Cost of technical books used by a CPA in practice of his profession is an allowable business expense.

Statement II: Tuition, boarding, and lodging fees incurred by a medical doctor while attending a continuing professional education seminar are an allowable business expense.

**Response: Both statements are correct**

10. Analyze the following:

Statement I: Only business expenses may be deducted from the gross income of taxpayers.

Statement II: Itemized deductions from gross income should be duly supported by vouchers or receipts.

**Response: Both statements are correct**

11. Analyze the following:

Statement I: Revenue expenditures are period costs that are related to a particular period of business operation.

Statement II: Capital expenditures are non-recurring expenditures related to the acquisition of depreciable assets to be used in the business.

**Response: Both statements are correct**

12. Which of the following is NOT a requisite for a business expense to be deductible? **It must be paid during the taxable year.**

13. Which of the following business expenses of a professional practitioner is NOT allowed to be deducted from the gross income? **Professional expenses incurred outside the Philippines by a non-resident alien engaged in a business in the Philippines**

14. Which of the following is a deductible expense for income tax purposes? **None of the above**

15. Which of the following can be deducted from gross income in the year paid or incurred? **Repairs that keep the property in its ordinarily efficient operating condition**

#### 09 Income Tax on Corporations

1. Which of the following is NOT a taxable corporation?

**Response: Pedro, Juan, and Luna, all certified public accountants, agreed to contribute their money, property, and industry to a common fund with the sole intention of jointly exercising their common profession. They have registered with the SEC.**

2. Which of the following income will be taxed in the same manner regardless of the classification of the taxpayer? **Capital gain on sale of shares of stock of a domestic corporation**

3. The term "corporation" shall include the following:

- I. Partnerships, no matter how created or organized
- II. Joint stock companies
- III. Joint accounts
- IV. Associations
- V. Insurance companies
- VI. Mutual fund companies
- VII. Regional operating headquarters of multinational corporations

**Response: All of the choices**

4. Mabuhay Inc., a Philippine corporation, sold through the local stock exchange 10,000 PLDT shares that it bought two (2) years ago. In 2018, Mabuhay sold the shares for P2,000,000 and realized a net gain of P200,000. How shall it pay tax on the transaction? **It shall report the P200,000 in its corporate income tax return adjusted by the holding period.**

5. Analyze the following:

Statement I: Gain on sale of all kinds of capital assets are subject to the final tax on capital gains.

Statement II: Gain from sale of real property classified as a capital asset and located in Miami, Florida is not subject to the final tax on capital gain.

**Response: Statement II is correct**

6. Which of the following is taxable based on income from all sources within and outside the Philippines? **Domestic Corporations**

7. Kris Inc. sold its vacant lot to Moca Corporation for P10,000,000, which it acquired at the cost of P5,000,000. The fair market value of the said property per tax declaration is P12,000,000, while its zonal value is P15,000,000. If the property is located abroad, what type of income tax will apply on the transaction? **Basic income tax**

15. Kris Inc. sold its vacant lot to Moca Corporation for P10,000,000, which it acquired at the cost of P5,000,000. The fair market value of the said property per tax declaration is P12,000,000, while its zonal value is P15,000,000. If the buyer of the property is the Philippine Government or one of its owned or controlled corporations, what type of income tax will apply on the transaction? **Capital gains tax**

8. Which of the following refers to a foreign corporation engaged in trade or business in the Philippines? **Resident Foreign Corporation**

9. Analyze the following:

Statement I: Joint ventures, regardless of the purpose by they were created, are generally exempt from corporate income tax.

Statement II: The share of the co-venturer corporation in the net income of tax-exempt joint venture or consortium is subject to corporate income tax.

**Response: Both statements are correct**

10. Which of the following is NOT treated as a corporation? **All of the choices**

11. Which of the following statements is/are CORRECT?

I. The term "domestic," when applied to a corporation, means created or organized in the Philippines or under the laws of the foreign country as long as it maintains a Philippine branch.

II. A corporation which is not domestic may be a resident (engaged in business in the Philippines) or non-resident corporation (not engaged in business in the Philippines).

III. Resident foreign corporations are subject to income tax based on net income from sources within the Philippines.

**Response: II and III only**

12. Analyze the following:

Statement I: Partnership, no matter how it was created or organized, is taxable as corporations for income tax purposes.

Statement II: Associations and mutual fund companies are excluded from the definition of corporations for income tax purposes.

**Response: Statement I is correct**

13. Which of the following DOES NOT have the benefit of claiming deductions in computing income tax?

**Non-resident Foreign Corporations**

14. Interest income on bank deposit or investment with a maturity period of at least five (5) years received by a corporation is subject to which of the following? **Domestic (20%); Resident Foreign Corporation (20%); Non-resident Foreign Corporation (30%)**

16. Analyze the following:

Statement I: Passive incomes are subject to separate and final rates.

Statement II: Passive incomes are included in the computation of taxable net income from business operations of a corporation.

**Response: Statement I is correct**

17. Analyze the following:

Statement I: Non-resident foreign corporation applies to a foreign corporation engaged in trade or business within the Philippines.

Statement II: Resident foreign corporation applies to a foreign corporation not engaged in trade or business in the Philippines.

**Response: Both statements are incorrect**

18. Interest income from a depository bank under the expanded foreign currency deposit system beginning January 1, 2018 or upon effectivity of the TRAIN Law shall be subject to which of the following? **Domestic Corporation (15%); Resident Foreign Corporation (7 1/2%), Non-Resident Foreign Corporation (Exempt)**

19. Which of the following is subject to income tax? **Philippine Amusement and Gaming Corporation (PAGCOR)**

20. As a rule, there is no income tax if there is no income. Which of the following is the exception? **Capital gains tax on sale of land and/or building**

## **10 Income Tax on Special Corporations**

1. Which of the following shall be considered the related income of proprietary educational institutions?

I. Income from tuition fees and miscellaneous school fees

II. Income from a hospital where medical graduates are trained for residency

III. Income from a canteen situated within the school campus

IV. Income from a bookstore situated within the school campus

**Response: I, II, III, and IV**

2. For income tax purposes of an international air carrier, which of the following is included in the Gross Philippine Billings? **Passage documents sold outside the Philippines for excess baggage originating from the Philippines**

3. For income tax purposes, which of the following is the taxable base of an international carrier doing business in the Philippines? **Gross Philippine Billings**

4. A domestic proprietary educational institution improved its library facilities by adding a new wing to its library building. The capital outlay on library improvement, for income tax purposes, may be: **Capitalized or expensed outright at the option of the school owners**

5. In order for an international carrier to qualify for exemption on the basis of reciprocity, what type of tax shall be exempted as well by its home country? **Any of the choices**

6. Which of the following will be the tax for rentals, charters, and other fees derived by a non-resident lessor of aircraft, machinery, and other equipment in the Philippines? **Seven & one-half percent (7 ½%)**

7. H Hospital is a 100-bed hospital organized mainly for non-paying patients. However, out of the 100-bed capacity, 40 beds are allotted for paying patients, while the rest are intended for charity patients. The revenues generated from these paying patients, however, are being used to improve the facilities of the hospital. Which of the following statements is CORRECT?

I. H Hospital can claim exemption from real property tax. As a general principle, a charitable institution does not lose its character as such and its exemption from taxes because it derives income from paying patients, whether out-patient, or confined in the hospital, or receives subsidies from the government, so long as the money received is devoted or used altogether to the charitable object which it is intended to achieve; and no money inures to the private benefit of the persons managing or operating the institution.

II. H Hospital is subject to 10% on its net income, subject to compliance with the “predominance test”.

**Response: I only**

8. Which of the following is INCORRECT? **Private educational corporations are subject to income tax based on the net income from sources within the Philippines at the tax rate of 10%.**

9. Teri Yaki Corp., a Japanese corporation having no business in the Philippines, is engaged in shipbuilding. It leases some of its newly constructed ships to Super Fairy Inc., a Philippine carrier. What income tax rate will apply to the rental payments to the lessor? **4.5% Final Withholding Tax**

10. Which of the following shall pay a tax of 10% of their taxable income?

I. Regional or area headquarters

II. Regional operating headquarters

**Response: I only**

### **11 Filing of Returns, Payment of Income Tax and Withholding Taxes**

#### **Annual ITR with the updated deadline for filing ITR for self-employed and professionals.**

Response: 2017 Annual ITR => April 15, 2018

Response: 2018 Annual ITR => April 15, 2019

Response: 2018 Quarterly ITR (1st Quarter) => May 15, 2018

Response: 2018 Quarterly ITR (2nd Quarter) => August 15, 2018

Response: 2018 Quarterly ITR (3rd Quarter) => November 15, 2018