

Philippines	Cash Plan
When will I be taxed in relation to my plan benefits?	<b>Payment of cash:</b> Income tax and social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	35% (2025). Any change in tax rates usually takes effect from 1 January.
Income tax rates	Tax rates are progressive. The maximum tax rate applies to annual taxable income over PHP8,000,000.
Will my employer withhold income tax in relation to my plan benefits?	Yes
Are my plan benefits subject to social security contributions?	Yes Both employer and employee social security applies. Employer must withhold the employee contribution.
Employee social security	<p><b>Employee social security (max rate):</b></p> <ul style="list-style-type: none"> <li>• <b>Social Security System (SSS):</b> 5% of the monthly salary credit.</li> <li>• <b>Philippine Health Insurance Corporation (PHIC):</b> 5% of the monthly basic salary (equally shared by the employee and employer) (PhilHealth Circular No. 2020-0050).</li> <li>• <b>Home Development Mutual Fund (HDMF):</b> 2% of the monthly fund salary.</li> </ul> <p>For SSS and HDMF, salary includes compensation received by the employee from the employer, including amounts received under a cash plan. Amounts received under an equity plan are included if the costs of the plan are recharged to the local employer. PHIC is not payable on incentive (cash or equity) plan income.</p> <p><b>Employee social security (cap):</b> monthly caps are:</p> <ul style="list-style-type: none"> <li>• <b>SSS:</b> PHP1,750 (2025) for those with maximum monthly salary credit of PHP35,000 or more;</li> <li>• <b>PHIC:</b> PHP5,000 (equally shared by the employee and employer) (PhilHealth Circular No. 2020-0005);</li> <li>• <b>HDMF:</b> PHP200 (maximum fund salary increased to PHP10,000 per HDMF) (Circular No. 460 effective February 2024).</li> </ul>

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What is the maximum rate of capital gains tax?	Not relevant.
What is the maximum tax rate payable on dividends?	Not relevant.
Do I have to report any income in relation to the plan to my local tax authority?	<p>Yes, unless all tax liabilities have been withheld or paid by the employer. If the cost of an equity plan has not been recharged to the local employer, there is no withholding and the individual will be required to declare the income from the plan in the annual income tax return.</p> <p>There is no specific filing in relation to equity related incentives.</p> <p><b>Report name:</b> Annual Income Tax Return. Capital gains and dividends are reported on the same return. The return can be filed online. The tax return can be downloaded from the website <a href="#">here</a>.</p> <p><b>Tax period:</b> 1 January to 31 December.</p> <p><b>Reporting deadline:</b> the report must be filed by 15 April in the year following the taxable period.</p> <p><b>Payment of tax:</b> any unpaid tax (including tax on dividends and capital gains) is generally due at the time of filing.</p>

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 26 November 2025. Changes in legislation or practice after this date may affect the tax treatment.

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