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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**
National Office Building
*Quezon City*

**BAGONG PILIPINAS**

MAR 3 0 2026

# REVENUE MEMORANDUM CIRCULAR NO. 023-2026

**SUBJECT** : **Clarifying the Provisions of Revenue Regulations No. 13-2025, the Consolidated Provisions to Simplify and Streamline the Procedures and Requirements Relative to the Availment of the Tax Exemptions and Incentives Granted to the Participating Private Entities under Republic Act No. 8525 (Adopt-a-School Act of 1998), Republic Act No. 12063 (Enterprise-Based Education and Training (EBET) Framework Act), and the Tax Code**

**TO** : All Internal Revenue Officials, Employees and Others Concerned

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This Revenue Memorandum Circular is issued to clarify the provisions of Revenue Regulations (RR) No. 13-2025 and to address certain issues pertaining to the availment of incentives under Republic Act (RA) No. 12063, otherwise known as the Enterprise-Based Education and Training Framework Act (EBET Act) and RA No. 8525, otherwise known as the Adopt-A-School Act of 1998.

**Q1:** To whom does the term "Technical-Vocational Institutions" under Section 4(A) of RR No. 13-2025 refer?

**A1:** Under Sections 4(e) and 9 of the EBET Act, only Enterprises may implement EBET Program, subject to registration with Technical Educational and Skills Development Authority (TESDA). Thus, the term "TVI" under Section 4(A) of RR No. 13-2025 shall refer to Enterprises duly registered with TESDA to implement an EBET Framework under the EBET Act. It does not refer to academic institutions under Section 27(B) of the National Internal Revenue Code of 1997, as amended (Tax Code).

**Q2:** How should the term "additional deduction" be interpreted in computing the tax incentive?

**A2:** The term "additional deduction" refers to a deduction on top of the regular allowable deductions under Section 34 of the Tax Code. Hence, from the effectivity of EBET Act until December 31, 2027, the allowable deduction shall be 150% of the actual training expense (i.e., 100% actual expense + 50% additional expense). Provided, that starting January 1, 2028, the additional deduction shall increase to seventy-five (75%) of the actual training expenses: Provided, further, that such deduction shall not exceed five percent (5%) of the total direct labor expenses, or Twenty-five million pesos (P25,000,000.00) a year, whichever is lower.

**Q3:** May training expenses covered by scholarships be claimed as tax deductions?

**A3:** Under present TESDA guidelines, EBET Programs may be subsidized through scholarships covering the following items:

| | Training Cost | Assessment Cost | Training Support Fund |
|---|---|---|---|
| **General EBET** | ✓ | ✓ | ✓ |
| **Apprenticeship** | ✓ | ✓ | |
| **Upskilling** | ✓ | ✓ | |

Only training expenses actually incurred and shouldered by the Enterprise may be claimed as deductible expenses under the EBET Act. Expenses that are subsidized through a scholarship by a third party other than the Enterprise cannot be claimed as deductions, such as those paid for by TESDA and other sponsors/donors.

**Q3.1:** Under Section 13(a) of the EBET Act, a trainee under the General EBET Program shall receive training allowance from the Enterprise, which shall be sufficient to cover transportation costs, meals, and any other expenses that may be agreed upon between the Enterprise and the trainee. May the Enterprise claim such training allowance in addition to the Training Support Fund?

**A3.1:** Training allowances given to cover transportation, meals, or similar expenses may be claimed as deductible training expenses, provided that they are directly incurred by the Enterprise under the EBET Program. However, a training expense amount may be claimed as deductible expense only once, either as part of the general EBET program or under the Training Support Fund, but not under both.

**Q3.2:** In an Apprenticeship Program, a trainee shall receive a training allowance not lower than 75% of the applicable minimum wage rate. Since the training allowance is not covered by the scholarship, may the allowance provided by the Enterprise be claimed as deductions?

**A3.2:** Yes. If the training allowance is directly incurred by the Enterprise under the EBET Program, it may be claimed as deductible training expense pursuant to Section 4(A)(i) of RR No. 13-2025. For example, if an apprentice receives ₱483.75, the Enterprise may claim ₱725.625 (₱483.75 x 150%) as actual training expense. The availment of additional 50% training expense shall be applicable until December 31, 2027, and shall increase to 75% effective January 1, 2028.

**Q3.3:** In an Upskilling Program, may the Enterprise claim the additional deduction if the Enterprise provides transportation and meal costs for its trainee-employees?

**A3.3:** No. Where the employee-trainees receives transportation and meal allowances from the employer-enterprise under the Upskilling Program, the same may not be claimed as part of training expense under the EBET Act. It is noted that in an Upskilling Program, the EBET Act does not provide for the training allowance since the trainee is already entitled to full wages and benefits enjoyed by a regular employee of the enterprise, including entitlements to overtime pay, night shift differential, and other benefits as provided by law.

**Q4:** Can unclaimed EBET incentives be carried over to succeeding taxable years?

**A4:** No. Deductions shall be availed of in the taxable year in which the expenses have been paid or incurred. Deductions not claimed within the applicable taxable year shall be forfeited and may not be carried over to subsequent taxable periods.

**Q5:** Is TESDA required to submit to the BIR a master list of entities with granted/cancelled incentives under Section 7 of RR No. 13-2025?

**A5:** Since TESDA certifies and registers EBET Programs, it shall submit a quarterly list of registered and de-registered EBET Program implementers to the BIR through the ***Audit Information, Tax Exemption and Incentives Division*** pursuant to Section 7 of RR No. 13-2025.

**Q6:** Is post-audit by the BIR still required even after TESDA issues a Certificate of EBET Implementation/Donation?

**A6:** Yes. The BIR post-audit serves as a safeguard to ensure that the incentives are properly applied, to prevent abuse, and to confirm that the incentives claimed are adequately supported by documentation.

**Q7:** What is the treatment of Donations under Adopt-a-School Program in relation to the EBET Act?

**A7:** Section 6 of RR No. 13-2025 expressly provides that the tax incentives provided under the EBET Act and the Adopt-a-School Program are mutually exclusive and shall bar the applicant from availing similar incentives granted under other general or special laws, rules or regulations. This means that an Enterprise may only claim one type of tax incentive for a particular expense or donation. It cannot claim similar or overlapping incentives under other general or special laws, rules, or regulations for the same expense or donation.

**Q8:** For Adopt-A-School Program involving staff and faculty development for training and further education, can the incentives under Section 3 of RR No. 13-2025 be availed if the beneficiaries of the program include both the public school and the Enterprise's staff?

**A8:** Yes. The tax incentive under Section 3 of RR No. 13-2025 still applies as long as the agreement includes support that directly benefits the public school, such as staff and faculty development. The presence of the Enterprise's personnel as additional beneficiaries does not disqualify the agreement, provided that the public school's faculty or staff are clearly among the intended and actual recipients of the training or assistance. The allocation of participants for both public school's staffs and enterprise's staffs shall be clearly stated in the agreement. Only expenses for public school's staff are entitled to additional deduction.

However, consistent with Section 6 of RR No. 13-2025, the enterprise may only avail of one incentive for the activity, either under Section 3 or 4 of RR No. 13-2025.

All revenue officers and employees are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

This Circular takes effect immediately.

**CHARLITO MARTIN R. MENDOZA**
*Commissioner of Internal Revenue*

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