

REVENUE REGULATIONS NO. 9-98 issued September 2, 1998 prescribes the regulations to implement RA No. 8424 relative to the imposition of the Minimum Corporate Income Tax (MCIT) on domestic corporations and resident foreign corporations. Specifically, an MCIT of 2% of the gross income as of the end of the taxable year is imposed upon any domestic corporations beginning the 4th taxable year immediately following the taxable year in which such corporation commenced its business operations. The MCIT will be imposed whenever such operation has zero or negative taxable income or whenever the amount of MCIT is greater than the normal income tax due from such operation. In the case of a domestic corporation whose operations or activities are partly covered by the regular income tax system and partly covered under a special income tax system, the MCIT will apply on operations covered by the regular income tax system.

The Regulations will apply to domestic and resident foreign corporations on their aforementioned taxable income derived beginning January 1, 1998 pursuant to the pertinent provisions of RA 8424, provided, however, that corporations using the fiscal year accounting period and which are subject to MCIT on income derived pertaining to any month or months of the year 1998 will not be imposed with penalties for late payment of the tax.