OCT 27 2025

REVENUE REGULATIONS NO. 029-2025

SUBJECT : Further Amending the "De Minimis" Benefits Provisions of Revenue Regulations (RR) No. 2-98, as Amended, Increasing the Ceiling of Non-Taxable Benefits

TO : All Internal Revenue Officials, Employees and Others Concerned

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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 RR No. 2-98, as last amended by RR No. 004-2025, 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 of RR No. 2-98, as amended by RR No. 004-2025, is hereby further amended to read as follows:

"SECTION 2.78.1. Withholding of Income Tax on Compensation Income. –

(A) Compensation Income Defined. – xxx

xxx xxx xxx

(3) Facilities and privileges of relatively small value. – xxx

(a) Monetized unused vacation leave credits of private employees not exceeding **twelve (12)** 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 **P2,000.00** per employee per semester or **P333.00** per month;

(d) Rice subsidy of **P2,500.00** or one (1) sack of 50 kg. rice per month amounting to not more than **P2,500.00**;

(e) Uniform and clothing allowance not exceeding **P8,000.00** 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 **P12,000.00** per annum;

(g) Laundry allowance not exceeding **P400.00** per month;

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(h) Employee's achievement awards, e.g., for length of service or safety achievement, in any form, whether in cash, gift certificate, or any tangible personal property, with an annual monetary value not exceeding **P12,000.00** 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 **P6,000.00** per employee per annum;

(j) Daily meal allowance for overtime work and night/graveyard shift not exceeding **thirty percent (30%)** of the basic minimum wage on a per region basis; and

(k) Benefits received by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentive scheme provided that the total annual monetary value received from both CBA and productivity incentive schemes combined do not exceed **twelve thousand** pesos **(12,000.00)** per employee per taxable year.

xxx xxx xxx

SECTION 2. REPEALING CLAUSE. – All existing rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of these Regulations are hereby amended, modified or repealed accordingly.

SECTION 3. EFFECTIVITY. – These Regulations shall take effect after fifteen (15) days following its publication in the Official Gazette or in the BIR Official Website, whichever comes first.

RALPH G. RECTO
Secretary of Finance
NOV 18 2025

Recommending Approval:

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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