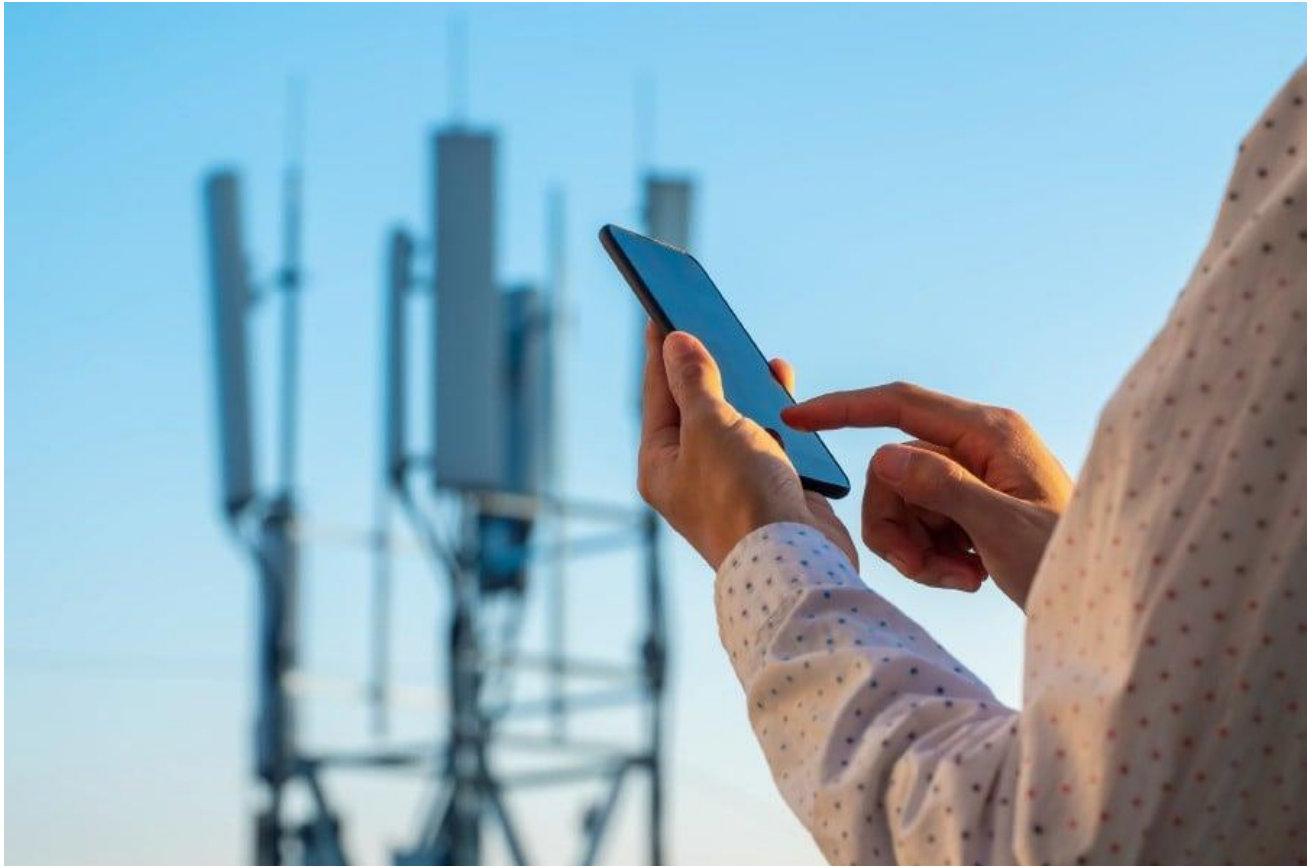


Philippines levies 12pct VAT tax on digital services by tech giants

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The Philippines will impose a 12 per cent value-added tax (VAT) on digital services offered by tech giants such as Amazon, Netflix, Disney , and Alphabet, in a move that will level the playing field with domestic brick and mortar players.

MANILA: The Philippines will impose a 12 per cent value-added tax (VAT) on digital services offered by tech giants such as Amazon, Netflix, Disney , and Alphabet, in a move that will level the playing field with domestic brick and mortar players, the internal revenue agency said on Thursday.

President Ferdinand Marcos Jr signed into law on Wednesday the imposition of VAT on non-resident digital service providers such as streaming services and online search engines.

"This will promote fair competition amongst businesses that are profiting from consumers here in the Philippines. A level playing field produces better products and

services," Bureau of Internal Revenue Commissioner Romeo Lumagui said in a statement.

Only domestic digital service providers are now subject to paying the 12 per cent VAT, the agency said.

Netflix does not have a statement to share at this time, a company spokesperson for Asia-Pacific said in an e-mail.

Disney, Google and Amazon did not respond to requests for comment.

The government aims to collect 105 billion pesos (US\$1.9 billion) from the VAT between 2025 and 2029.

It plans to allocate 5 per cent of this revenue to fund projects for Philippine creative industries, the presidential communications office said.

The office added that educational and public interest services would be exempt from the VAT.

Digital services provided by foreign firms are considered rendered in the Philippines if the digital services are consumed in the Southeast Asian nation, the revenue agency said.

Since the pandemic, tech giants have experienced higher usage in Southeast Asia, but they also face increasingly stringent fiscal tax regimes.