

FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

'11 MAR 10 P3:27

SENATE  
S. No. **2739**

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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#### EXPLANATORY NOTE

Salaries of most of the public and private employees are generally low comparable to the cost of living standards set by the government in the country. In 2008, from the "Estimates of Family Living Wage (FLW) Per Day Based on NSCB (National Statistical Coordination Board) Cost Menus (In Pesos) and Food Expenditures Ratios of Families in the 5th-7th Deciles Solely Dependent on Wages and Salary (Family Size is 6)" a family of six in the National Capital Region needs P917 to live decently. The highest minimum wage in the NCR in June 2008 is P382.00. In July 2010, almost two years after, minimum wage rates is still at a low of P404 in the NCR or only P12,120 per month (30 days), not even commensurate to the 2008 FLW.

Wages lag way behind the family living wage because the law only allows one wage increase per year while the prices of basic commodities from gasoline to food have been shooting up to heights more and more Filipinos are not able to cope with. Regions also vary because of so-called differing conditions of living so that wages are set by Regional Wage Boards. That is why the Social Weather Station (SWS) March 19-22, 2010 survey found 43% or an estimated 8.1 million families rating themselves as "mahirap", matching the record low set in March 1987. Although the government sees this as an improvement from the previous years (in July 2001, 66% consider themselves poor), it is still a significant figure at 48 million people.

This bill seeks to provide Filipinos reprieve from the worsening economic condition in the country given the labor laws that still need to be reformed to really address the real economic condition of our workers and employees in the country, more than the business companies. It seeks to amend the National Internal Revenue Code of the Philippines or a R.A. No. 8424 to increase of ceiling of Christmas bonus and other benefits from taxation.

Bonuses and other additional benefits during Christmas come only once a year, and in a time when prices of commodities increase because of the demand for more food on the table to celebrate the season. It would mean a lot to the minimum wage earners to be relieved from additional tax burdens for their Christmas bonuses and other benefits. For the government employees, the government might as well give them the full benefit of their bonus as Christmas gift from the government.

This is the Senate counterpart bill of House Bill No. 4177 by Reps. Neri Colmenares and Teddy Casiño.

  
MIRIAM DEFENSOR SANTIAGO

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AN ACT  
AMENDING SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL REVENUE  
CODE OF THE PHILIPPINES (R.A. 8424) THEREBY INCREASING THE CEILING OF  
CHRISTMAS BONUS AND OTHER BENEFITS FROM TAXATION

*Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

SECTION 1. *Amendment of National Internal Revenue Code.* – Section 32 (B), Chapter VI of the National Internal Revenue Code of the Philippines (RA No. 8424) is hereby amended as follows:

**SEC. 32. Gross Income.** – x x x

(B) **Exclusions from Gross Income.** - The following items shall not be included in gross income and shall be exempt from taxation under this title: x x x

(e) **13th Month Pay and Other Benefits.** - Gross benefits received by officials and employees of public and private entities: Provided, however, That the total exclusion under this subparagraph shall not exceed [Thirty thousand pesos (P30,000)] **FORTY THOUSAND PESOS (P40,000)** which shall cover:

(i) Benefits received by officials and employees of the national and local government pursuant to Republic Act No. 6686;

(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;

- 1 (iii) Benefits received by officials and employees not  
2 covered by Presidential decree No. 851, as amended  
3 by Memorandum Order No. 28, dated August 13,  
4 1986.; and
- 5 (iv) Other benefits such as productivity incentives and  
6 Christmas bonus Provided, further, That the ceiling  
7 of [Thirty thousand pesos (P30,000)] **FORTY**  
8 **THOUSAND PESOS (P40,000)** may be increased  
9 through rules and regulations issued by the Secretary  
10 of Finance, upon recommendation of the  
11 Commissioner, after considering among others, the  
12 effect on the same of the inflation rate at the end of  
13 the taxable year.

14 SECTION 2. *Separability Clause.* – If any provision or part hereof, is held invalid or  
15 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain  
16 valid and subsisting.

17 SECTION 3. *Repealing Clause.* – Any law, presidential decree or issuance, executive  
18 order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent  
19 with the provision of this Act is hereby repealed, modified, or amended accordingly.

20 SECTION 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
21 publication in at least two (2) newspapers of general circulation.

Approved,

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