

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

'04 JUN 30 P5:39

SENATE

RECEIVED BY: Alala

S. No. 451

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Taxation is the lifeblood of government. It is upon taxation that government chiefly relies to obtain the means to carry on its operations and it is of utmost importance that the modes adopted to enforce the collection of taxes levied should be summary and interfered with as little as possible.

The Bureau of Internal Revenue contributes over 80 percent of the government's total revenue. As a means to further improve revenue collection, this bill seeks to exempt certain taxpayers (i.e. pure compensation income earners with one employer) from the filing of income tax returns and transfer the said responsibility to their employers. Without compromising revenue collection, it becomes the duty of the employers to collect, remit and report tax collections to the government.

In view of the foregoing passage of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

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AN ACT
PROVIDING FOR THE EXEMPTION OF FIXED INCOME EARNERS FROM THE
FILING OF INCOME TAX RETURNS, AMENDING FOR THE PURPOSE SECTION
51 (A)(2)(b) OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE TAX
REFORM ACT OF 1997

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

1 SECTION 1. Section 51 (A)(2)(b) of Republic Act No. 8424, as amended,

2 is hereby amended to read as follows:

3 "SECTION 51. Individual Return. —

4 "(A) XXX

5 "(1) XXX

6 "(a) XXX

7 "(b) XXX

8 "(c) XXX

9 "(d) XXX

10 "(2) The following individuals shall not be required to file an income tax
11 return:

12 "(a) XXX

13 "(b) An individual [with respect to] EARNING pure compensation
14 income, as defined in Section 32(A)(1), [derived] from sources within the
15 Philippines AND FROM ONE EMPLOYER DURING THE TAXABLE
16 YEAR, REGARDLESS OF THE AMOUNT, the income tax on which has

1 been correctly withheld under the provisions of Section 79 of this Code
2 AS EVIDENCED BY THE ANNUAL INFORMATION RETURN FILED BY
3 THE EMPLOYER AS REQUIRED BY SECTION 58(C) OF THIS CODE;
4 PROVIDED, THAT THE EMPLOYEE AND THE EMPLOYER EXECUTE
5 A JOINT CERTIFICATION STATING THE GROSS INCOME OF THE
6 EMPLOYEE AND THE AMOUNT OF TAX WITHHELD AS DULY
7 ATTACHED TO THE ANNUAL INFORMATION RETURN AND FILED
8 WITH THE BIR: Provided, That an individual deriving compensation
9 concurrently from two or more employers at any time during the taxable
10 year REGARDLESS OF THE AMOUNT shall file an income tax return[;
11 Provided, further, That an individual whose pure compensation income
12 derived from sources within the Philippines exceeds Sixty thousand
13 pesos (P60,000) shall also file an income tax return];

14 XXX"

15 SEC. 2. Repealing Clause. - All laws, decrees, executive orders, rules
16 and regulations, or parts hereof inconsistent with the provision of this Act are
17 hereby repealed, amended or modified accordingly.

18 SEC. 3. This Act shall take effect fifteen (15) days after its publication in
19 the Official Gazette or in at least two (2) newspapers of general circulation
20 whichever comes earlier.

21 Approved,