

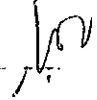
16th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



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SENATE

S. BILL NO. 2149

RECEIVED BY. 

Introduced by Senator **SONNY M. ANGARA**

Explanatory Note

This bill seeks to amend Section 24 of the National Internal Revenue Code of 1997, as amended, by adjusting the individual income tax brackets and reducing the rates of individual income tax beginning January 1, 2015.

The bill is part of a twin measure to reduce the country's income tax rates for individuals and corporations in preparation for the Association of South East Asian Nations (ASEAN) Integration. This legislative measure is consistent with the Philippine commitment to the 10-member ASEAN Economic Community (AEC) Blueprint, which seeks to transform ASEAN into a single market and production base by December 2015. The AEC shall be guided by five (5) core elements, such as free flow of goods, free flow of services, free flow of investment, freer flow of capital, and free flow of skilled labor.

While the ASEAN Blueprint does not mandate member countries to amend their income tax schedules, it is highly expected that human capital would flow to where it could earn best. Next to Thailand and Vietnam, the Philippines has the highest top rate at 32-percent. When the AEC Declaration was signed in 2007, some member-states began to lower their corporate and individual income tax rates, with further reductions in the subsequent years.

In order for the Philippines to attract human capital and to prevent the migration of our own, it is imperative that we reduce the existing income tax rates while maintaining the progressivity of our income tax system, as mandated by the 1987 Philippine Constitution.

The current individual income tax bracket has been unchanged since 1997 until today when the consumer price index (CPI) has almost doubled already. In order to buffer the revenue impact of the individual income bracket adjustments and the reduction of individual income tax rates, this bill spreads the reduction over a period of three (3) years.

In view of the foregoing, immediate approval of this bill is earnestly sought.

SONNY M. ANGARA

SENATE

S. BILL NO. 2149

RECEIVED BY: JW

Introduced by Senator **SONNY M. ANGARA**

AN ACT
AMENDING SECTION 24 OF THE NATIONAL INTERNAL REVENUE CODE
OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 24(A)(2) of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3 "Sec. 24. Income Tax Rates. –

4 "(A) Rates of Income Tax on Individual Citizen and Individual Resident
5 Alien of the Philippines. –

6 (2) Rates of Tax on Taxable Income of Individuals. – The tax shall
7 be computed in accordance with and at the rates established in the
8 following schedule:

"Taxable Income	Beginning January 1, 2015	Beginning January 1, 2016	Beginning January 1, 2017
"P20,000 but not over P70,000	15%	13%	10%
"Over P70,000 but not over P200,000	P10,500 + 20% of the excess over P70,000	P9,100 + 18% of the excess over P70,000	P7,000 + 15% of the excess over P70,000
"Over P200,000 but not over P500,000	P36,500 + 25% of the excess over P200,000	P32,500 + 23% of the excess over P200,000	P26,500 + 20% of the excess over P200,000
"Over P500,000 but not over P1,000,000	P111,500 + 30% of the excess over P500,000	P101,500 + 25% of the excess over P500,000	P86,500 + 22% of the excess over P500,000
"Over P1,000,000	P261,500 + 32% of the excess over P1,000,000	P226,500 + 28% of the excess over P1,000,000	P196,500 + 25% of the excess over P1,000,000"

9 "[Not over P10,000 5%

10 "Over P10,000 but not over P500 + 10% of the excess

11 P30,000 over P10,000

12 "Over P30,000 but not over P2,500 + 15% of the excess

1	₱70,000	over ₱30,000
2	“Over ₱70,000 but not over ₱8,500 + 20% of the excess	
3	₱140,000	over ₱70,000
4	“Over ₱140,000 but not over ₱22,500 + 25% of the excess	
5	₱250,000	over ₱140,000
6	“Over ₱250,000 but not over ₱50,000 + 30% of the excess	
7	₱500,000	over ₱250,000
8	“Over ₱500,000..... ₱125,000 + 32% of the excess	
9	over ₱500,000]”	
10	“xxx	
11	“xxx.	

12 SEC. 2. Implementing Rules and Regulations. - The Secretary of Finance shall
13 promulgate the necessary rules and regulations for the effective implementation of the
14 provisions of this Act.

15 SEC. 3. Repealing Clause. - All laws, orders, issuances, circulars, rules and
16 regulations or parts thereof, which are inconsistent with the provisions of this Act are
17 hereby repealed or modified accordingly.

18 SEC. 4. Separability Clause. - If any provision of this Act is declared
19 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
20 continue to be in full force and effect.

21 SEC. 5. Effectivity. - This Act shall take effect on January 1, 2015 following its
22 publication in at least two (2) newspapers of general circulation.

23 *Approved,*