

13th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

04 JUL -6 10:31

SENATE

RECEIVED BY: 

S. BILL NO. 1335

INTRODUCED BY HONORABLE RALPH G. RECTO

EXPLANATORY NOTE

This bill seeks to amend Section 32 of Republic No. 8424, otherwise known as the National Internal Revenue Code of 1997 with the purpose of increasing the ceiling for total exclusion of the 13th month pay and other benefits from the computation of taxable income from P30,000 to P60,000 to augment the diminishing purchasing power of employees and workers both in the private and public sector thereby increasing their disposable income.

The present tax code empowers the Secretary of Finance, upon favorable recommendation of the Bureau of Internal Revenue (BIR) Commissioner, to increase the ceiling through mere issuance of rules and regulations however to this day of spiraling cost of consumers goods and depreciating purchasing power of the currency, the Executive branch appears to be in deep slumber and undaunted by the woes of belt tightening measures of impoverished wage earners.

The cap as provided under the existing law not only decreases the probability of workers and employees to receive additional monetary benefits from its equitable share in the fruits of production but also undermines management's acts of generosity. Hence, increasing the ceiling means financial flexibility.

Further, it is the policy of the State to promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

Hence, immediate passage of this bill is earnestly sought.


RALPH G. RECTO

13TH CONGRESS OF THE REPUBLIC)
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04 JUL -6 AIO:30

SENATE

S. BILL NO. 1335

RECEIVED BY: [Signature]

Introduced by SENATOR RALPH G. RECTO

AN ACT

INCREASING THE CEILING FOR TOTAL EXCLUSION OF 13TH MONTH PAY AND OTHER BENEFITS FROM THE COMPUTATION OF TAXABLE INCOME FROM THIRTY THOUSAND PESOS (P30,000) TO SIXTY THOUSAND PESOS (P60,000), THEREBY, AMENDING SECTION 32 OF REPUBLIC ACT 8424 OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997

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

1 SECTION 1. Section 32 of Republic No. 8424, otherwise known as the
2 "National Internal Revenue Code of 1997," is hereby amended to read as follows:

3 "Sec. 32. Gross Income. -

4 "(A) X X X

5 "(B) *Exclusions from gross income.* -

6 The following items shall not be included in gross income
7 and shall be exempt from taxation under this Title:

8 "1. X X X

9 "2. X X X

10 "3. X X X

11 "4. X X X

12 "5. X X X

13 "6. X X X

14 "7. *Miscellaneous items.* -

15 a. X X X

1 b. X X X

2 c. X X X

3 d. X X X

4 e. *13th month pay and other benefits.* - Gross
5 benefits received by officials and employees of public and
6 private entities ; *provided, however,* that the total exclusion
7 under this subparagraph shall not exceed [Thirty] **SIXTY**
8 thousand pesos (P[3]60,000) which shall cover:

9 (i) Benefits received by officials and
10 employees of the national and local
11 governments pursuant to Republic
12 Act No. 6686;

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

18 (iii) Benefits received by officials and
19 employees not covered by
20 presidential Decree No. 851, as
21 amended by Memorandum Order
22 No. 28, dated August 13, 1986; and

23 (iv) Other benefits such as productivity
24 incentives and Christmas bonus;
25 *provided, further,* that the ceiling of
26 [Thirty] **SIXTY** thousand pesos

1 (P[3]60,000) may be increased
2 through rules and regulations issued
3 by the Secretary of Finance, upon
4 recommendation of the
5 Commissioner, after considering,
6 among others, the effect on the same
7 of the inflation rate at the end of the
8 taxable year.

9 f. x x x

10 g. x x x

11 h. x x x

12 SEC. 2. *Implementing Rules and Regulations.* - The Bureau of Internal
13 Revenue (BIR), Department of Finance (DoF), Department of Labor and Employment
14 (DOLE), Civil Service Commission (CSC) and other appropriate government agencies
15 shall promulgate rules and regulations necessary for the effective implementation of this
16 Act.

17 SEC. 3. *Repealing Clause.* - All other laws, decrees, orders, issuances
18 and rules and regulations or parts thereof inconsistent with this Act are hereby amended
19 or repealed accordingly.

20 SEC. 4. *Separability Clause.* - The provisions of this Act are hereby
21 declared to be separable and, in the event any of such provisions is declared
22 unconstitutional, the order provision which is not affected thereby shall remain in full
23 force and effect.

24 SEC. 5. *Effectivity.* -. This Act shall take effect fifteen (15) days after its
25 complete publication in at least two (2) newspapers of general circulation.

26 Approved,