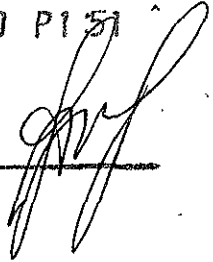


FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

7 JUN 30 P 1 51

SENATE

RECEIVED BY: 

S. No. 103

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INTRODUCED BY THE HONORABLE MAR ROXAS

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EXPLANATORY NOTE

This bill seeks to exempt minimum wage earners in the private sector and government workers in Salary Grades 1 to 3, amending certain provisions of Republic Act 8424, otherwise known as the National Internal Revenue Code of 1997, as amended.

As per estimates by the National Wages and Productivity Board, there are 7 million workers earning the minimum wage and even below. While these workers are in the verge of poverty, it is unfair and unjust that the Government, under the law, is taking away a portion of their already subsistence-level income.

Despite this narrow margin from poverty, the Government would still be mandated to take a slice away from that family's meager resources. Even if the Government has recently exempted minimum wage earners from withholding taxes, they are still liable to pay income taxes at the end of the year. The law must be amended to correct this injustice.

With the poor, every little bit counts, and by lifting their burden of paying income tax, we give them opportunities to put their money to daily essentials as well as savings. Minimum wage earners can no longer afford to be taxed and to be placed in the cumbersome income tax process in the same manner as higher-earning employees. It is our obligation to ease their burden in any way we can.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.

  
M A R ROXAS  
Senator

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

7 JUN 30 P1:32

SENATE

RECEIVED BY: 

S. No. 103

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INTRODUCED BY THE HONORABLE MAR ROXAS

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AN ACT  
EXEMPTING FROM INDIVIDUAL TAX  
WORKERS IN THE PRIVATE SECTOR RECEIVING MINIMUM WAGE,  
AS WELL AS GOVERNMENT WORKERS IN SALARY GRADES 1 TO 3,  
AMENDING FOR THIS PURPOSE REPUBLIC ACT 8424,  
AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 24 of the same decree is hereby further amended to read as follows:

2 "SECTION. 24. *Income Tax Rates.* -

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

5 "(1) An income tax is hereby imposed:

6 "(a) On the taxable income defined in Section 31 of this Code, other  
7 than income subject to tax under Subsections (B), (C) and (D) of this  
8 Section, derived for each taxable year from all sources within and  
9 without the Philippines be every individual citizen of the Philippines  
10 residing therein;

11 "(b) On the taxable income defined in Section 31 of this Code, other  
12 than income subject to tax under Subsections (B), (C) and (D) of this  
13 Section, derived for each taxable year from all sources within the

1 Philippines by an individual citizen of the Philippines who is residing  
2 outside of the Philippines including overseas contract workers referred  
3 to in Subsection(C) of Section 23 hereof; and

4 “(c) On the taxable income defined in Section 31 of this Code, other  
5 than income subject to tax under Subsections (b), (C) and (D) of this  
6 Section, derived for each taxable year from all sources within the  
7 Philippines by an individual alien who is a resident of the Philippines.

8 “The tax shall be computed in accordance with and at the rates established in  
9 the following schedule:

“Not over P10,000.....	5%
“Over P10,000 but not over P30,000.....	P500+10% of the excess over P10,000
“Over P30,000 but not over P70,000.....	P2,500+15% of the excess over P30,000
“Over P70,000 but not over P140,000.....	P8,500+20% of the e excess over P70,000
“Over P140,000 but not over P250,000.....	P22,500+25% of the excess over P140,000
“Over P250,000 but not over P500,000.....	P50,000+30% of the excess over P250,000
Over P500,000 .....	P125,000+34% of the excess over P500,000 in 1998.

10 *Provided*, That effective January 1, 1999, the top marginal rate shall be thirty-  
11 three percent (33%) and effective January 1, 2000, the said rate shall be thirty-  
12 two percent (32%):

13 WORKERS IN THE PRIVATE SECTOR WHO ARE CERTIFIED TO BE  
14 RECEIVING THE MINIMUM WAGE, AS WELL AS EMPLOYEES IN  
15 GOVERNMENT AND ITS SUBDIVISIONS WHO ARE CLASSIFIED IN

1 SALARY GRADES ONE TO THREE, IN ACCORDANCE WITH REPUBLIC  
2 ACT NO. 6758, SHALL NOT BE REQUIRED TO PAY INCOME TAX.

3 For married individuals, the husband and wife, subject to the provision of  
4 Section 51 (D) hereof, shall compute separately their individual income tax  
5 based on their respective total taxable income: *Provided*, That if any income  
6 cannot be definitely attributed to or identified as income exclusively earned or  
7 realized by either of the spouses, the same shall be divided equally between  
8 the spouses for the purpose of determining their respective taxable income.

9 SEC. 4. *Separability Clause* - If any provision or part hereof, is held invalid or  
10 unconstitutional, the remainder of the law or the provision not otherwise affected shall  
11 remain valid and subsisting.

12 SEC. 5. *Repealing Clause*. - All laws, decrees, orders, rules and regulations or parts  
13 therefore, inconsistent with this Act are hereby amended or modified accordingly.

14 SEC. 6. *Effectivity Clause* - This act shall take effect fifteen (15) days following its  
15 publication in a newspaper of general circulation.

Approved,