

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

7 SEP 12 10:00

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SENATE

Senate Bill No. 1576

INTRODUCED BY HON. MANNY VILLAR

EXPLANATORY NOTE

Based on the latest records of the Department of Labor and Employment, the country has an estimated three million minimum wage earners and the bulk of which are in Metro Manila. Considering that the latest wage order mandates Php 350.00-pay per day work and that the cost of living allowance for a family of six is computed at Php 510.00 or P 15,300.00 (as computed by the National Wages and Productivity Commission), poverty remains a great problem for many of our *kababayans*.

This bill is a social legislation. It seeks to help the country's minimum wage earners. The legislation will exempt individuals with pure compensation income that does not exceed the annual statutory minimum compensation from payment of income tax.

This will simplify the country's tax collection and administration system particularly for fixed income earners. Moreover, it will improve BIR's processing of ITRs as the Bureau will now channel its efforts to the other types of taxpayers perceived to be more problematic and difficult such as corporate taxpayers and business income earners.

Passage of this bill is earnestly sought.


MANNY VILLAR

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
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7 SEP 12 P6

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SENATE

Senate Bill No. 1576

INTRODUCED BY HON. MANNY VILLAR

**AN ACT
EXEMPTING MINIMUM WAGE EARNERS FROM PAYMENT OF INCOME TAX
AMENDING FOR THE PURPOSE RELEVANT PROVISIONS OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR
OTHER PURPOSES**

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

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

"SEC. 24. Income Tax Rates. –

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

"(1) An income tax is hereby imposed:

"(a) x x x.

"(b) x x x.

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

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

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

Provided, That effective January 1, 1999, the top marginal rate shall be thirty-three percent (33%) and effective January 1, 2000, the said rate shall be thirty-two percent (32%): PROVIDED, FURTHER, THAT INDIVIDUALS WITH PURE COMPENSATION INCOME THAT DOES NOT EXCEED THE ANNUAL STATUTORY MINIMUM COMPENSATION ARE EXEMPT FROM PAYMENT OF INCOME TAX."

"For married individuals, the husband and wife, subject to the provision of Section 51(D) hereof, shall compute separately their individual income tax based on their respective total taxable income: Provided, That if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the

spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

“x x x.”

SEC. 2. Section 51(A)(2)(b) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 51. Individual Return. –

“(A) Requirements. –

“(1) Except as provided in paragraph (2) of this Subsection, the following individuals are required to file an income tax return:

“(a) x x x;

“(b) x x x;

“(c) x x x; and

“(d) x x x.

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

“(a) x x x;

“(b) An individual with respect to pure compensation income, as defined in Section 32(A)(1), derived from sources within the Philippines, the income tax on which has been correctly withheld under the provisions of Section 79 of this Code: Provided, That an individual deriving compensation concurrently from two or more employers at any time during the taxable year shall file an income tax return: Provided, further, That an individual whose pure compensation income derived from sources within the Philippines DOES NOT exceed[s Sixty thousand pesos (P60,000)] THE STATUTORY MINIMUM COMPENSATION shall NOT [also] file an income tax return;

“(c) x x x; and

“(d) x x x.

“(3) x x x.

“x x x. “

SEC. 3. Implementing Rules and Regulations. – The Secretary of Finance shall, upon recommendation of the Commissioner of Internal Revenue, promulgate within thirty (30) days from the date of approval of this Act, the rules and regulations necessary for the implementation of this Act.

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

SEC. 5. Repealing Clause. – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with any provision of this Act is hereby repealed or modified accordingly.

SEC. 6. Effectivity Clause. – This Act shall take effect upon approval.

Approved,