

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

SECRETARY

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SENATE
S. No. 1615

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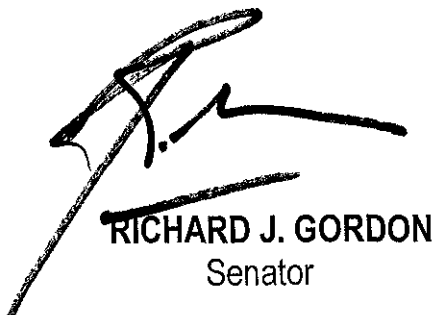


Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

Considering inflation and the present value of the peso, the allowance of personal exemption for the individual taxpayer of P20,000 for single, P25,000 for head of the family, and P32,000 for each married individual, as well as P8,000 for each dependent not exceeding four, in our income tax system under Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended, is so meager that it does not anymore provide a sufficient allowance for the individual taxpayer in view of the rising cost of living.

Set in 1997 or ten years ago, there is thus an urgent need to increase the allowance of personal exemption for the individual taxpayer to adjust to inflation and reflect the present cost of living. In addition, this bill proposes to regularly adjust these amounts to inflation every five (5) years to reflect the current value of the peso. These changes will give immediate relief to our individual income taxpayers and make a big difference in their lives. Thus, the immediate passage of this bill is earnestly sought.

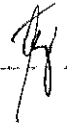


RICHARD J. GORDON
Senator

FOURTEENTH CONGRESS OF THE)
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First Regular Session)

7 SEP 19

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Introduced by **Senator Richard J. Gordon**

AN ACT AMENDING SECTION 35 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 **SECTION 1.** Section 35 of Republic Act No. 8424, otherwise known as the National
2 Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

3 "Sec. 35. **Allowance of Personal Exemption for Individual**
4 **Taxpayer.** –

5 (A) *In General.* – For purposes of determining the tax provided in
6 Section 24 (A) of this Title, there shall be allowed a basic personal exemption
7 as follows:

- 8 For single individual or married individual judicially decreed as legally
- 9 separated with no qualified dependents [P20,000] P35,000
- 10 For head of family [P25,000] P45,000
- 11 For each married individual [P32,000] P60,000

12 PROVIDED, THAT THE ABOVE AMOUNTS SHALL BE REGULARLY
13 ADJUSTED TO INFLATION EVERY FIVE (5) YEARS BASED ON THE DATA
14 PROVIDED BY THE NATIONAL STATISTICS OFFICE TO THE BUREAU OF
15 INTERNAL REVENUE.

16 ...

17 (B) *Additional Exemption for Dependents.* – There shall be allowed an
18 additional exemption of [Eight thousand pesos (P8,000)] FIFTEEN
19 THOUSAND PESOS (P15,000) for each dependent not exceeding four (4).
20 THIS AMOUNT SHALL BE REGULARLY ADJUSTED TO INFLATION
21 EVERY FIVE (5) YEARS BASED ON THE DATA PROVIDED BY THE

1 NATIONAL STATISTICS OFFICE TO THE BUREAU OF INTERNAL
2 REVENUE.

3 . . .”

4 **Sec. 2. Repealing Clause.** – All laws, decrees, orders, rules and regulations or
5 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
6 repealed or modified accordingly.

7 **Sec. 3. Effectivity.** – This Act shall take effect after fifteen (15) days following the
8 completion of its publication either in the Official Gazette or in a newspaper of general
9 circulation in the Philippines.

10 Approved,