

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

7 SEP 19 2005

SENATE  
S. No. 1616

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Introduced by **Senator Richard J. Gordon**

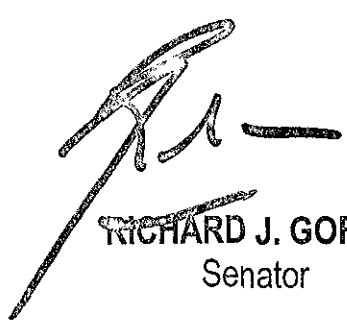
**EXPLANATORY NOTE**

The Constitution states that the rule of taxation shall be uniform and equitable and that Congress shall evolve a progressive system of taxation.

Following this mandate under the Constitution, this bill proposes to adjust the present income tax rates and exempt small income earners of not over P60,000 and minimum wage earners from paying income tax. It is further proposed that small income and minimum wage earners be relieved from filing individual income tax returns in this bill.

Any loss in government revenue as a result of these proposed changes is very negligible and can be compensated by the new excise tax and expanded value-added tax laws, as well as better law enforcement in running after big smugglers and tax evaders.

The benefits of this bill simply outweigh the costs. These amendments will provide a more equitable and progressive system of taxation that will give immediate relief to small income and minimum wage earners by increasing their purchasing power. The amount that they will save from income tax payment can be used instead for their basic needs like food, shelter, education, and health care to mitigate the economic difficulties they face everyday. Thus, the immediate passage of this bill is earnestly sought.

  
**RICHARD J. GORDON**  
Senator

FOURTEENTH CONGRESS OF THE )  
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7 SEP 19 10:35

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Introduced by **Senator Richard J. Gordon**

**AN ACT AMENDING SECTION 24 (A) AND SEC. 51 (A) 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 24 (A) of Republic Act No. 8424, otherwise known as the  
2 National Internal Revenue Code of 1997, as amended, is hereby amended to read as  
3 follows:

4                   **"Sec. 24. Income Tax Rates. –**

5                   (A) *Rates of Income Tax on Individual Citizen and Individual Resident*

6                   *Alien of the Philippines. –*

7                   (1) An income tax is hereby imposed:

8                   (a) . . .

9                   (b) . . .

10                  (c) . . .

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

13	[Not over P10,000	5%
14	Over P10,000 but not over P30,000	P500 + 15% of the excess over P10,000
15	Over P30,000 but not over P70,000	P2,500 + 15% of the excess over P30,000
16	Over P70,000 but not over P140,000	P8,500 + 20% of the excess over P70,000
17	Over P140,000 but not over P250,000	P22,500 + 25% of the excess over P140,000
18	Over P250,000 but not over P500,000	P50,000 + 30% of the excess over P250,000
19	Over P500,000	P125,000 + 34% of the excess over P500,000
20		in 1998.

1            Provided, That effective January 1, 1999, the top marginal rate shall  
2 be thirty-three percent (33%) and effective January 1, 2000, the said rate  
3 shall be thirty-two percent (32%).]

4	NOT OVER P90,000	0%
5	OVER P90,000 BUT NOT OVER P150,000	10% OF THE EXCESS OVER P90,000
6	OVER P150,000 BUT NOT OVER P300,000	P6,000 + 13% OF THE EXCESS OVER
7		P150,000
8	OVER P300,000 BUT NOT OVER P600,000	P25,500 + 18% OF THE EXCESS OVER
9		P300,000
10	OVER P600,000 BUT NOT OVER P1,000,000	P79,500 + 22% OF THE EXCESS OVER
11		P600,000
12	OVER P1,000,000 BUT NOT OVER P2,000,000	P167,500 + 27% OF THE EXCESS
13		OVER P1,000,000
14	OVER P2,000,000	P437,500 + 34% OF THE EXCESS
15		OVER P2,000,000

16            PROVIDED, THAT THE ABOVE RATES SHALL BE REGULARLY  
17 AND EQUITABLY ADJUSTED BY THE BUREAU OF INTERNAL REVENUE  
18 TO EXEMPT STATUTORY MINIMUM WAGE EARNERS FROM INCOME  
19 TAX.

20            ...”

21            **Sec. 2.** Section 51 (A) of Republic Act No. 8424, otherwise known as the National  
22 Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

23            “Sec. 51. **Individual Returns.** –

24            (A) *Requirements.* –

25            (1) ...

26            (2) ...

27            (b) An individual with respect to pure compensation income, as  
28 defined in Section 32 (A) (1), derived from sources within the Philippines, the  
29 income tax on which has been correctly withheld under the provisions of  
30 Section 79 of this Code: Provided, That an individual deriving compensation  
31 concurrently from two or more employers at any time during the taxable year  
32 shall file an income tax return: Provided, further, That an individual whose  
33 pure compensation income derived from sources within the Philippines

1 exceeds THE STATUTORY MINIMUM WAGE, OR Sixty thousand pesos  
2 (P60,000), WHICHEVER IS HIGHER, shall also file an income tax return;

3 . . .”

4 **Sec. 3. 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. 4. Separability Clause.** – If any portion or provision of this Act is declared  
8 unconstitutional, the remainder of this Act or any provision not affected thereby shall remain  
9 in force and effect.

10 **Sec. 5. Effectivity.** – This Act shall take effect after fifteen (15) days following the  
11 completion of its publication either in the Official Gazette or in a newspaper of general  
12 circulation in the Philippines.

13 Approved,