

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

OFFICE OF THE SECRETARY

SENATE

MAY 19 24:15

COMMITTEE REPORT NO. 58 RECEIVED BY: [Signature]

Submitted by the Committee on Ways & Means on MAY 19 2008

Re: S.B. No. 2293

Recommending its approval in substitution of H.B. No. 3971, taking into consideration S.B. Nos. 103, 125, 126, 302, 419, 448, 568, 1576, 1615, 1616, 2177 and 2217.

Sponsor: Senator Francis G. Escudero

MR. PRESIDENT:

The Committee on Ways and Means to which were referred House Bill No. 3971, introduced by Representatives Biazon, Angara, Syjuco, Lim, Villafuerte, Romuladez, Arroyo (D.M.), Del Rosario, Bichara, Romulo, Singson (E.), Arroyo (I.T.), Rodriguez (R.B.), Teodoro, Casiño, Ocampo, Beltran, Maza, Ilagan, Javier, Alvarez (A.), Tieng, Velarde, Coscolluela, Del Mar, Susano, Almario, Pablo, Cua (G.), Abante, Codilla, Chatto, Chipeco, Lazatin, Hataman, and Roxas, entitled:

"AN ACT
GRANTING TAX RELIEF FOR INDIVIDUAL TAXPAYERS BY REPEALING SECTION 34(L) AND AMENDING SECTIONS 22, 24, 34, 35 AND 79 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES",

Senate Bill No. 103, introduced by Senator Roxas, entitled:

"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",

Senate Bill No. 125, introduced by Senator Enrile, entitled:

"AN ACT
INCREASING THE ALLOWABLE PERSONAL AND ADDITIONAL EXEMPTIONS OF INDIVIDUAL TAXPAYERS, AMENDING FOR THE PURPOSE SECTION 35(A) AND (B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED",

Senate Bill No. 126, introduced by Senator Enrile, entitled:

"AN ACT
REDUCING THE INCOME TAX RATES OF INDIVIDUAL TAXPAYERS, AMENDING FOR THE PURPOSE CHAPTER III, SECTION 24(A)(1)(c) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED",

Senate Bill No. 302, introduced by Senator Estrada, entitled:

"AN ACT
GRANTING UNMARRIED WOMEN WITH CHILDREN SAME BASIC PERSONAL EXEMPTION AND ADDITIONAL EXEMPTION FOR DEPENDENTS AS ENJOYED BY MARRIED WOMEN AMENDING FOR THE PURPOSE OF THE NATIONAL INTERNATIONAL REVENUE CODE OF 1997"

Senate Bill No. 419, introduced by Senator Estrada, entitled:

"AN ACT
PROVIDING TAX EXEMPTION ON THE EDUCATIONAL EXPENSES
INCURRED BY A TAXPAYER, AMENDING SECTION 35 OF THE NATIONAL
INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER
PURPOSES",

Senate Bill No. 448, introduced by Senator Estrada, entitled:

"AN ACT
INCREASING THE ALLOWABLE PERSONAL EXEMPTIONS OF INDIVIDUAL
TAXPAYERS, AMENDING FOR THE PURPOSE SECTION 35(A) AND (B) OF
THE NATIONAL INTERNAL REVENUE CODE OF 1987, AS AMENDED",

Senate Bill No. 568, introduced by Senator Estrada, entitled:

"AN ACT
AMENDING SECTIONS 24, 31, 34, 35 AND 110 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER
PURPOSES",

Senate Bill No. 1576, introduced by Senator Villar, entitled:

"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",

Senate Bill No. 1615, introduced by Senator Gordon, entitled:

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

Senate Bill No. 1616, introduced by Senator Gordon, entitled:

"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",

Senate Bill No. 2177, introduced by Senator Zubiri, entitled:

"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",

and Senate Bill No. 2217, introduced by Senator Revilla, Jr., entitled:

"AN ACT
AMENDING SECTIONS 24(A), 35(A) AND (B) AND 51(A)(2)(B) OF REPUBLIC
ACT NO. 8424 OTHERWISE KNOWN AS THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES"

has considered the same and has the honor to report them back to the Senate with the
recommendation that the attached SB No. 2293 prepared by the Committee, entitled:

"AN ACT
AMENDING SECTIONS 22, 24, 34, 35, 51, AND 79 OF REPUBLIC ACT NO.
8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL
REVENUE CODE OF 1997"

be approved in substitution of H.B. No. 3971, taking into consideration S.B. Nos. 103, 125, 126, 302, 419, 448, 568, 1576, 1615, 1616, 2177 and 2217 with Senators Roxas, Enrile, Estrada, Villar, Gordon, Zubiri, Revilla, Jr. and Escudero as authors thereof.

Respectfully submitted:

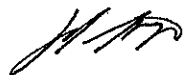


FRANCIS "Chiz" G. ESCUDERO
Chairman



JUAN PONCE ENRILE
Vice-Chairman

Members:

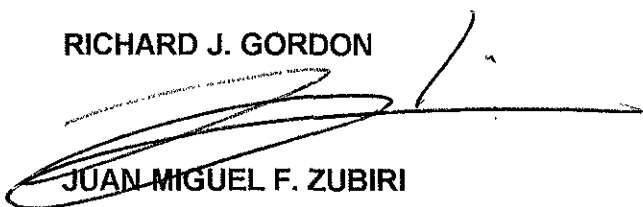


JOKER P. ARROYO

EDGARDO J. ANGARA

RICHARD J. GORDON

GREGORIO B. HONASAN II



JUAN MIGUEL F. ZUBIRI

RAMON B. REVILLA, JR.



ALAN PETER S. CAYETANO

MANUEL M. LAPID



M. A. MADRIGAL



PANFILO M. LACSON

LOREN B. LEGARDA

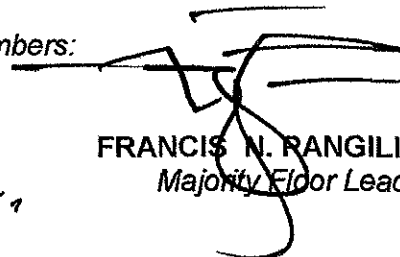
M A R ROXAS

ANTONIO F. TRILLANES IV

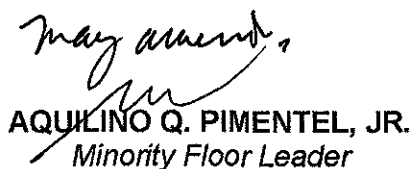
Ex-Officio Members:



JINGGOY E. ESTRADA
Pro-Tempore President



FRANCIS N. RANGILINAN
Majority Floor Leader



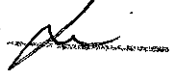
AQUILINO Q. PIMENTEL, JR.
Minority Floor Leader

HON. MANNY VILLAR
Senate President
Pasay City

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

8 MAY 19 2015

SENATE

RECEIVED BY: 

S. No. **2293**

(In substitution of HB No. 3971, taking into consideration SB Nos. 103, 125, 126, 302, 419, 448, 568, 1576, 1615, 1616, 2177 and 2217)

Prepared by the Committee with Senators Roxas, Enrile, Estrada, Villar, Gordon, Zubiri, Revilla, Jr., and Escudero as authors thereof

AN ACT

AMENDING SECTIONS 22, 24, 34, 35, 51, AND 79 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997

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

1 **SECTION 1.** Section 22 of Republic Act No. 8424, as amended, otherwise known as the
2 National Internal Revenue Code of 1997, is hereby further amended by adding the
3 following definition after subsection (FF) to read as follows:

4 "SEC. 22. *Definitions.* – When used in this Title:

5 "(A) x x x.

6 "(FF) x x x.

7 "(GG) THE TERM '**STATUTORY MINIMUM WAGE**' SHALL REFER TO THE
8 RATE FIXED BY THE REGIONAL TRIPARTITE WAGE AND PRODUCTIVITY
9 BOARD, AS DEFINED BY THE BUREAU OF LABOR AND EMPLOYMENT
10 STATISTICS (BLES) OF THE DEPARTMENT OF LABOR AND
11 EMPLOYMENT (DOLE).

12 "(HH) THE TERM '**MINIMUM WAGE EARNER**' SHALL REFER TO A
13 WORKER IN THE PRIVATE SECTOR PAID THE STATUTORY MINIMUM
14 WAGE, OR TO AN EMPLOYEE IN THE PUBLIC SECTOR RECEIVING
15 COMPENSATION INCOME EQUIVALENT TO SALARY GRADE FIVE (5) AND
16 BELOW."

17 **SEC. 2.** Section 24(A) of Republic Act No. 8424, as amended, otherwise known as the
18 National Internal Revenue Code of 1997, is hereby further amended to read as follows:

19 "SEC. 24. *Income Tax Rates.* –

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

2 Alien of the Philippines. –

3 “(1) x x x:

4 “x x x;

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

9 (2) RATES OF TAX ON TAXABLE INCOME OF INDIVIDUALS. - The
10 tax shall be computed in accordance with and at the rates established in the
11 following schedule:

12	“Not over P10,000.....	5%
13	“Over P10,000 but not over P30,000.....	P500 + 10% of excess
14		over P10,000
15	“Over P30,000 but not over P70,000.....	P2,500 + 15% of
16		excess over P30,000
17	“Over P70,000 but not over P140,000.....	P8,500 + 20% of
18		excess over P70,000
19	“Over P140,000 but not over P250,000.....	P22,500 + 25% of
20		excess over P140,000
21	“Over P250,000 but not over P500,000.....	P50,000 + 30% of
22		excess over P250,000
23	“Over P500,000.....	P125,000 + 32% [34%]
24		of excess over
25		P500,000 [in 1998].

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

29 “For married individuals, the husband and wife, subject to the provision
30 of Section 51(D) hereof, shall compute separately their individual income tax
31 based on their respective total taxable incomes: *Provided*, That if any income

1 cannot be definitely attributed to or identified as income exclusively earned or
2 realized by either of the spouses, the same shall be divided equally between
3 the spouses for the purpose of determining their respective taxable income.

4 "PROVIDED, THAT MINIMUM WAGE EARNERS AS DEFINED IN
5 SECTION 22(HH) OF THIS CODE SHALL BE EXEMPT FROM THE
6 PAYMENT OF INCOME TAX ON THEIR TAXABLE INCOME: PROVIDED,
7 FURTHER, THAT THE HOLIDAY PAY, OVERTIME PAY, NIGHT SHIFT
8 DIFFERENTIAL PAY AND HAZARD PAY RECEIVED BY SUCH MINIMUM
9 WAGE EARNERS SHALL LIKEWISE BE EXEMPT FROM INCOME TAX.

10 "x x x."

11 **SEC. 3.** Section 34(L) of Republic Act No. 8424, as amended, otherwise known as the
12 National Internal Revenue Code of 1997, is hereby amended to read as follows:

13 "Sec. 34. *Deductions from Gross Income.* - Except for taxpayers earning
14 compensation income arising from personal services rendered under an
15 employer-employee relationship where no deductions shall be allowed under
16 this Section other than under Subsection (M) hereof, in computing taxable
17 income subject to income tax under Sections 24 (A); 25 (A); 26; 27 (A), (B) and
18 (C); and 28 (A) (1), there shall be allowed the following deductions from gross
19 income;

20 "(A) *Expenses.* -

21 "x x x.

22 "(L) *Optional Standard Deduction (OSD).* - In lieu of the deductions allowed
23 under the preceding Subsections, an individual subject to tax under Section 24,
24 other than a nonresident alien, may elect a standard deduction in an amount
25 not exceeding FORTY [ten] percent (40%) [(10%)] of his gross SALES OR
26 GROSS RECEIPTS, AS THE CASE MAY BE [income]. IN THE CASE OF A
27 CORPORATION SUBJECT TO TAX UNDER SECTIONS 27(A) AND 28(A)(1),
28 IT MAY ELECT A STANDARD DEDUCTION IN AN AMOUNT NOT
29 EXCEEDING FORTY PERCENT (40%) OF ITS GROSS INCOME AS
30 DEFINED IN SECTION 32 OF THIS CODE. Unless the taxpayer signifies in his
31 return his intention to elect the optional standard deduction, he shall be

1 considered as having availed himself of the deductions allowed in the
2 preceding Subsections. Such election when made in the return shall be
3 irrevocable for the taxable year for which the return is made: *Provided*, That an
4 individual who is entitled to and claimed for the optional standard deduction
5 shall not be required to submit with his tax return such financial statements
6 otherwise required under this Code: *Provided, further*, That except when the
7 Commissioner otherwise permits, the said individual SHALL KEEP SUCH
8 RECORDS PERTAINING TO HIS GROSS SALES OR GROSS RECEIPTS,
9 OR THE SAID CORPORATION shall keep such records pertaining to his gross
10 income AS DEFINED IN SECTION 32 OF THIS CODE during the taxable year,
11 as may be required by the rules and regulations promulgated by the Secretary
12 of Finance, upon recommendation of the Commissioner.”

13 “(M) x x x. -

14 “x x x.

15 **SEC. 4.** Section 35 (A) and (B) of Republic Act No. 8424, as amended, otherwise known
16 as the National Internal Revenue Code of 1997, is hereby amended to read as follows:

17 “SEC. 35. *Allowance of Personal Exemption for Individual Taxpayers.*-

18 “(A) *In General.* - For purposes of determining the tax provided in Section 24
19 (A) of this Title, there shall be allowed a basic personal exemption [as follows:]
20 AMOUNTING TO FIFTY THOUSAND PESOS (P50,000) FOR EACH
21 INDIVIDUAL TAXPAYER.

22 [“For single individual or married

23 individual judicially decreed as legally

24 separated with qualified dependents P20,000.00]

25 [“For head of the family P25,000.00]

26 [“For each married individual P32,000.00]

27 “In the case of married individuals where only one of the spouses is deriving
28 gross income, only such spouse shall be allowed the personal exemption.

29 [“For purposes of this paragraph, the term “head of the family” means an
30 unmarried or legally separated man or woman with one or both parents, or with
31 one or more brothers and sisters, or with one or more legitimate, recognized

1 natural or legally adopted children living with and dependent upon him for their
2 chief support, where such brothers or sisters or children are not more than
3 twenty-one (21) years of age, unmarried and not gainfully employed or where
4 such children, brothers or sisters, regardless of age are incapable of self-
5 support because of mental or physical defect.]

6 “(B) *Additional Exemption for Dependents.* - There shall be allowed an
7 additional exemption of [Eight Thousand Pesos (P8,000)] TWENTY-FIVE
8 THOUSAND PESOS (P25,000) for each dependent not exceeding four (4).

9 “The additional exemption for dependents shall be claimed by only one of
10 the spouses in the case of married individuals.

11 “In the case of legally separated spouses, additional exemptions may be
12 claimed only by the spouse who has custody of the child or children: *Provided,*
13 That the total amount of additional exemptions that may be claimed by both
14 shall not exceed the maximum additional exemptions herein allowed.

15 “For purposes of this Subsection, a “dependent” means a legitimate,
16 illegitimate or legally adopted child chiefly dependent upon and living with the
17 taxpayer if such dependent is not more than twenty one (21) years of age,
18 unmarried and not gainfully employed or if such dependent, regardless of age,
19 is incapable of self support because of mental physical defect.”

20 “x x x.”

21 **SEC. 5.** Section 51(A)(2) of Republic Act No. 8424, as amended, otherwise known as the
22 National Internal Revenue Code of 1997, is hereby further amended to read as follows:

23 “SEC. 51. *Individual Return.* -

24 “(A) *Requirements.* -

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

27 “(a) x x x;

28 “x x x.

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

30 “(a) x x x;

1 “(b) An individual with respect to pure compensation income, as defined in
2 Section 32(A)(1), derived from sources within the Philippines, the income tax
3 on which has been correctly withheld under the provisions of Section 79 of this
4 Code: *Provided*, That an individual deriving compensation concurrently from
5 two or more employers at any time during the taxable year shall file an income
6 tax return[: *Provided, further*, That an individual whose pure compensation
7 income derived from sources within the Philippines exceeds Sixty thousand
8 pesos (P60,000) shall also file an income tax return];

9 “(c) x x x; and

10 “(d) A MINIMUM WAGE EARNER AS DEFINED IN SECTION 22(HH) OF THIS
11 CODE OR an individual who is exempt from income tax pursuant to the
12 provisions of this Code and other laws, general or special.

13 “x x x.”

14 **SEC. 6.** Section 79(A) of Republic Act No. 8424, as amended, otherwise known as the
15 National Internal Revenue Code of 1997, is hereby further amended to read as follows:

16 “SEC. 79. *Income Tax Collected at Source.*-

17 (A) *Requirement of Withholding.* – EXCEPT IN THE CASE OF A MINIMUM
18 WAGE EARNER AS DEFINED IN SECTION 22(HH) OF THIS CODE, every
19 employer making payment of wages shall deduct and withhold upon such
20 wages a tax determined in accordance with the rules and regulations to be
21 prescribed by the Secretary of Finance, upon recommendation of the
22 Commissioner[: *Provided, however*, That no withholding of a tax shall be
23 required where the total compensation income of an individual does not exceed
24 the statutory minimum wage, or Five thousand pesos (P5,000.00) per month,
25 whichever is higher].

26 “x x x.”

27 **SEC. 7. *Separability Clause*** - If any provision of this Act is declared invalid or
28 unconstitutional, other provisions hereof which are not affected thereby shall continue to
29 be in full force and effect.

1 **SEC. 8. *Repealing Clause.*** - Any law, presidential decree or issuance, executive order,
2 letter of instruction, administrative order, rule or regulation contrary to or inconsistent with
3 any provision of this Act is hereby amended or modified accordingly.

4 **SEC. 9. *Effectivity Clause*** - This Act shall take effect fifteen (15) days following its
5 publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,