


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

8 OCT 20 13:14

SENATE

RECEIVED BY: 

S. B. No. 2689

INTRODUCED BY HONORABLE MAR ROXAS

EXPLANATORY NOTE

The world has been gripped with fears of a global economic meltdown. The problem has been so severe that stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems and restore trust which has weakened considerably. Inescapably, the extent of these financial problems will affect the livelihoods of almost everyone in our increasingly inter-connected world.

In fact, the Philippine stock market has already suffered the impact of the US economic slowdown. The Philippine Stock Exchange index has lost 42.08% of its value since the start of the year and continues to fall. Losses amounting to an estimated Php 15 Billion by 6 Philippine banks resulted from the collapse of Lehman Brothers Incorporated. While this represents only 0.3% of the banking sector's Php5 Trillion total assets, the real damage comes in the form of public distrust in the banking system and panic. Unfortunately, the impact of the global financial crunch doesn't stop there. We continue to be vulnerable as we anticipate reduction in the flow of foreign direct investments and remittances from OFWs. Depression of stock market and tightening of credit from banks leading to decreased domestic investment spending will ultimately cause loss of jobs and lower household incomes.

Clearly, now is the time to take the first important step toward meeting the need for confidence building initiatives against the financial crisis. Measures must be in place to strengthen the public's trust in the banking system, and more importantly, to secure employment and income during these tough and trying times.

Thus, this proposed measure seeks to introduce transitory measures that will provide small saver and consumer relief and stability, build confidence in the financial system and encourage job creation in the private sector. Specifically, a one-time stimulus income tax refund to the maximum amount of Php5,000.00 for all fixed income earners who paid income taxes is proposed. Likewise, a 90-day moratorium on home foreclosures is introduced to provide temporary relief to home buyers and the non-imposition of fees and charges as penalties for early withdrawal of short term deposits is proposed, with the intention of providing support to small saver households experiencing cash flow problems during these lean times. Finally, a 3-year program extending income tax credits for employers hiring additional regular or permanent employees is instituted under the proposed bill. Thus, for each additional regular or permanent employee hired for at least 1 year, any employer is entitled to a maximum income tax credit equivalent to 30 % of annual salary of said

employee. The creation of this program will stimulate job creation even in lean times, at the same time rewarding employers who continue to see the longer term.

We are warned that tough times are likely to be ahead. We hope that this will not be so. However, if it does come to pass, there will be no excuse if we find ourselves unprepared. In view of the foregoing, approval of this bill is earnestly requested.



M A R ROXAS
Senator

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

8 OCT 20 10:31 AM

SENATE

RECEIVED BY: *TS*

S. B. No. 2689

INTRODUCED BY HONORABLE MAR ROXAS

AN ACT

INTRODUCING TRANSITORY MEASURES TO PROVIDE CONSUMER AND SMALL SAVER RELIEF, PROMOTE INDIVIDUAL ECONOMIC STABILITY AND BUILD INDIVIDUAL CONFIDENCE BY PROVIDING A STIMULUS TAX REFUND TO FIXED INCOME EARNERS, PROTECTING INTERESTS OF DEPOSITORS OF BANKS AND OF HOME OWNERS, AND, GIVING TAX CREDIT INCENTIVES TO EMPLOYERS WHO PROVIDE NEW PERMANENT JOBS , AND FOR OTHER PURPOSES.

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

1 SECTION 1. This act shall be known as the *"Transitory Individual Economic Stability*
2 *and Confidence Building Measures Act of 2008."*

3 SECTION 2. One Time Income Tax Refund for All Fixed Income Earners. -
4 Notwithstanding the provisions of Republic Act No. 8424, otherwise known as the National
5 Internal Revenue Code, as amended, and other applicable laws, there shall be allowed a one
6 time income tax refund for all fixed income earners to the maximum amount of Five
7 Thousand Pesos (Php5,000.00). In the event that the income tax due of the fixed income
8 earner is less than the maximum amount of Five Thousand Pesos (Php5,000.00), then the one
9 time tax refund shall be equal to the income tax due. This income tax refund shall be
10 applicable only to calendar year ending in 2008.

1 The Department of Finance and the Bureau of Internal Revenue shall issue the
2 appropriate implementing rules and regulations to govern this provision within a period of
3 thirty (30) days from the effectivity of this Act.

4 **SECTION 3. Ninety Day Moratorium on Home Foreclosures.** - Notwithstanding the
5 provisions of Republic Act No. 9507, otherwise known as the Socialized and Low-Cost
6 Housing Loan Restructuring and Condonation Act of 2008,” and, other applicable laws, there
7 shall be a moratorium on foreclosure of homes, for a period of ninety (90) days from the
8 effectivity of this Act. All relevant government agencies shall respect the right of home
9 owners to be secure in their mortgaged homes during this ninety day (90) moratorium
10 period.

11 **SECTION 4. Non-Imposition of Penalties for Early Withdrawal.** - Notwithstanding
12 the provisions of Republic Act No. 6753, otherwise known as The New Central Bank Act, as
13 amended, and, other related laws, all banks shall not be allowed to impose any charges or
14 fees representing penalties for early withdrawal by any depositor who decides to withdraw
15 his money in whole or in part, unless such deposit was made for a period of five (5) years or
16 more.

17 **SECTION 5. Income Tax Credits for Employers Who Hire Additional Regular or**
18 **Permanent Employees.** - Notwithstanding the provisions of Republic Act No. 8424,
19 otherwise known as the National Internal Revenue Code, as amended, and other applicable
20 laws, there shall be allowed, for any person who hires or employs one or more additional
21 regular employees for at least one year, an income tax credit equivalent to thirty percent
22 (30%) of the gross annual salary of each additional regular or permanent employee. Without
23 prejudice to the applicability of such salary expense of said additional regular or permanent
24 employees as a deduction against gross revenues of the employer in the computation of
25 income tax due, this income tax credit may be automatically applied by the employer against

1 its income tax due. If after application of all the applicable income tax credits the income tax
2 due is zero, then no income tax due shall be deemed payable and due. Any excess income tax
3 credits may be carried over in the succeeding period. This treatment of income tax credit for
4 additional regular or permanent employees shall be applicable for a period of three (3) years
5 from the effectivity of this Act and shall apply for the whole of the last calendar year of the
6 third year of the three year period. For the purpose of this Section, an additional regular or
7 permanent employee shall refer to any person newly hired to provide services that are
8 necessary or desirable in the usual business of a company in exchange for compensation and
9 who does not provide these services as part of an independent business, *Provided* that the
10 employment of such person should be for a newly created position in addition to the existing
11 staffing requirements of the company.

12 The Department of Finance and the Bureau of Internal Revenue shall issue the
13 appropriate implementing rules and regulations to govern this provision within a period of
14 thirty (30) days from the effectivity of this Act.

15 **SECTION 6. Separability Clause.** - If, for any reason, any section or provision of this
16 Act shall be held unconstitutional or invalid, the other section or provision not otherwise
17 affected shall remain in full force and effect.

18 **SECTION 7. Repealing Clause.** - All laws, presidential decrees, executive orders,
19 proclamations, rules and regulations which are inconsistent with the provisions of this Act
20 are hereby repealed or modified accordingly.

21 **SECTION 8. Effectivity Clause.** - This Act shall take effect fifteen (15) days from its
22 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

23

24 Approved,