FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Regular Session

SENATE OF THE SECRETARY

SENATE

s. B. No. 2139

RECEIVED IN:

Introduced by Senator Ralph G. Recto

EXPLANATORY NOTE

Bigger families have bigger needs. As such, large families tend to become the most vulnerable group having the smallest per capita expenditure and per capita savings. Thus, the bigger the family, the higher is the cost of living.

This bill seeks to amend Republic Act No. 9504, by removing the limitation in the number of allowable dependents covered by the additional personal exemption for individual taxpayer, in order that large and usually poor families can avail of larger exemptions which could help alleviate poverty.

Statistics show that in the past ten years, as family size increases, poverty worsens. Indicators such as poverty incidence, poverty gap, severity of poverty, mean vulnerability and vulnerability incidence have been observed to be directly proportional with family size. Thus, poor families have been observed to have larger families as compared to non-poor families.

While the National Internal Revenue Code provides additional exemption for each dependent not exceeding four (4), it has deprived those who belong to large families by imposing limits on the number of exemptible dependents. Such limitation will not only add to the sorry plight of large and poor families, but it will also leave the poorest of the poor in a more precarious situation.

The foregone revenues as a result of this amendment will be insignificant when compared to the positive impact in terms of reducing poverty incidence among large families.

In view of the foregoing, the immediate approval of this bill is earnestly sought.

RALPH C. RECTO

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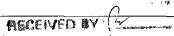
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SENATE

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s. B. No. 2139



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AN ACT

REMOVING THE LIMITATION IN THE NUMBER OF ALLOWABLE DEPENDENTS COVERED BY THE ADDITIONAL PERSONAL EXEMPTION FOR INDIVIDUAL TAXPAYER, AMENDING FOR THE PURPOSE SECTION 4 OF REPUBLIC ACT NO. 9504

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

SECTION 1. Section 4 of Republic Act No. 9504 is hereby amended to read as follows:

"SEC. 35. Allowance of Personal Exemption for Individual Taxpayer. -

"(A) *In General*. - For purposes of determining the tax provided in Section 24(A) of this title, there shall be allowed a basic personal exemption amounting to Fifty thousand pesos (P50,000) for each individual taxpayer.

"In the case of married individual where only one of the spouses is deriving gross income, only such spouse shall be allowed the personal exemption.

"(B) Additional Exemption for Dependents. - There shall be allowed an additional exemption of Twenty-five thousand pesos (25,000) for each dependent. [not exceeding four (4)]"

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

"In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children:

[Provided, that the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions herein allowed.]

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

"X X X

- **SEC. 2.** Implementing Rules and Regulations. The Bureau of Internal Revenue shall provide the necessary implementing rules and regulations within thirty (30) days upon the approval of this Act.
- **SEC. 3.** *Effectivity.* This Act shall take effect fifteen (15) days following its publication in at least (2) newspapers of general circulation or the Official Gazette.

Approved,

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