

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

SENATE
OFFICE OF THE SECRETARY

SENATE

S. B. NO. 2139

RECEIVED BY: 2

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 G. RECTO

SENATE
S. B. NO. 2139

10 JUL 27 11 30

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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:

1 **SECTION 1.** Section 4 of Republic Act No. 9504 is hereby amended to read as follows:
2

3 "SEC. 35. *Allowance of Personal Exemption for Individual Taxpayer.* -
4

5 "(A) *In General.* - For purposes of determining the tax provided in Section 24(A) of this
6 title, there shall be allowed a basic personal exemption amounting to Fifty thousand pesos
7 (P50,000) for each individual taxpayer.
8

9 "In the case of married individual where only one of the spouses is deriving gross
10 income, only such spouse shall be allowed the personal exemption.
11

12 "(B) *Additional Exemption for Dependents.* - There shall be allowed an additional
13 exemption of Twenty-five thousand pesos (25,000) for each dependent. [not exceeding
14 four (4)]"
15

16 "The additional exemption for dependents shall be claimed by only one of the spouses in
17 the case of married individuals.
18

19 "In the case of legally separated spouses, additional exemptions may be claimed only by
20 the spouse who has custody of the child or children:
21

22 [Provided, that the total amount of additional exemptions that may be claimed by both
23 shall not exceed the maximum additional exemptions herein allowed.]
24

25 "For purposes of this Subsection, a "dependent" means a legitimate, illegitimate or legally
26 adopted child chiefly dependent upon and living with the taxpayer if such dependent is
27 not more than twenty-one (21) years of age, unmarried and not gainfully employed or if
28 such dependent, regardless of age, is incapable of self-support because of mental or
29 physical defect.
30

31 "x x x
32

33 **SEC. 2. *Implementing Rules and Regulations.*** - The Bureau of Internal Revenue shall
34 provide the necessary implementing rules and regulations within thirty (30) days upon the
35 approval of this Act.
36

37 **SEC. 3. *Effectivity.*** - This Act shall take effect fifteen (15) days following its publication
38 in at least (2) newspapers of general circulation or the Official Gazette.

Approved,