

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



14 OCT 22 P1:53

SENATE

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COMMITTEE REPORT NO. 84

Submitted by the Committee on Ways and Means on OCT 22 2014

Re: S.B. No. 2437

Recommending its approval in substitution of S.B. Nos. 256, 452, 1838, 1944 and 2157 taking into consideration H.B. No. 4970.

Sponsor: Senator Angara

MR. PRESIDENT:

The Committee on Ways and Means to which were referred the following Senate Bill No. 256, introduced by Senator Recto, entitled:

AN ACT
INCREASING THE CEILING OF THE 13TH MONTH PAY, CHRISTMAS BONUS AND OTHER BENEFITS EXCLUDED FROM THE COMPUTATION OF GROSS INCOME FOR THE PURPOSES OF INCOME TAXATION, AMENDING FOR THE PURPOSE SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Senate Bill No. 452, introduced by Senator Recto, entitled:

AN ACT
EXCLUDING 13TH MONTH PAY AND OTHER BENEFITS FROM THE COMPUTATION OF TAXABLE INCOME AMENDING FOR THE PURPOSE SECTION 32 (B) (7) (E) OF REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Senate Bill No. 1838, introduced by Senator Lapid, entitled:

AN ACT
REMOVING THE CAP ON THE AMOUNT OF THIRTEENTH MONTH PAY AND OTHER BENEFITS TO BE EXCLUDED FROM GROSS INCOME, AMENDING FOR SUCH PURPOSE SECTION 32(B)(7)(E), CHAPTER VI OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997

Senate Bill No. 1944, introduced by Senator Recto, entitled:

**AN ACT
PROVIDING TAX RELIEF TO THE LABOR SECTOR BY EXPANDING
THE COVERAGE OF EXCLUSIONS FROM GROSS INCOME AND
INCREASING THE AMOUNTS OF DE MINIMIS BENEFITS EXEMPT
FROM TAX AMENDING FOR THE PURPOSE SECTIONS 32(B) AND 33
OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED, AND FOR OTHER PURPOSES**

Senate Bill No. 2157, introduced by Senator Angara, entitled:

**AN ACT
ADJUSTING THE 13TH MONTH PAY AND OTHER BENEFITS CEILING
EXCLUDED FROM THE COMPUTATION OF GROSS INCOME FOR
PURPOSES OF INCOME TAXATION, AMENDING FOR THE PURPOSE
SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED**

and House Bill No. 4970, sponsored by Representatives Romero S. Quimbo, Antonio L. Tinio, Jose Christopher Y. Belmonte, et al., entitled

**AN ACT
INCREASING THE CEILING FOR THE TOTAL EXCLUSION FROM
GROSS INCOME OF THE 13TH MONTH PAY AND OTHER BENEFITS
TO SEVENTY THOUSAND PESOS (P70,000), AMENDING FOR THE
PURPOSE SECTION 32(B)(7)(E) OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED**

has considered the same and has the honor to report the bills back to the Senate with the recommendation that the attached S.B. No. 2437 prepared by the Committee, entitled:

**AN ACT
ADJUSTING THE 13TH MONTH PAY AND OTHER BENEFITS CEILING
EXCLUDED FROM THE COMPUTATION OF GROSS INCOME FOR
PURPOSES OF INCOME TAXATION, AMENDING FOR THE PURPOSE
SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED**

be approved in substitution of S.B. Nos. 256, 452, 1838, 1944 and 2157 taking into consideration H.B. No. 4970 with Senators Recto, Lapid and Angara as authors thereof.

Respectfully submitted:

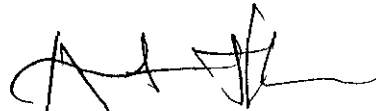

SONNY ANGARA
Chairperson

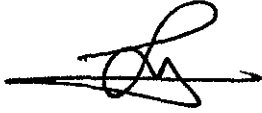
MIRIAM DEFENSOR SANTIAGO
Vice Chairperson

Members:


LOREN B. LEGARDA


PAOLO BENIGNO "BAM" AQUINO IV


ANTONIO "SONNY" F. TRILLANES IV

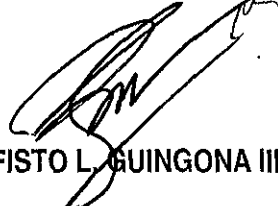

FRANCIS "CHIZ" G. ESCUDERO


AQUILINO "KOKO" PIMENTEL III

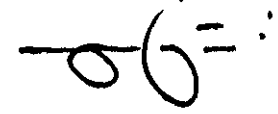
RAMON "BONG" REVILLA, JR.



MANUEL "LITO" M. LAPID


PIA S. CAYETANO

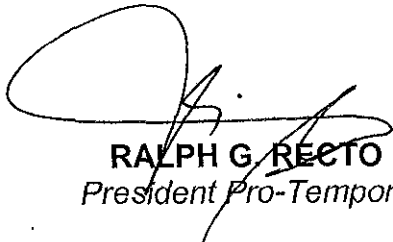

TEOFISTO L. GUINGONA III


MA. LOURDES NANCY S. BINAY

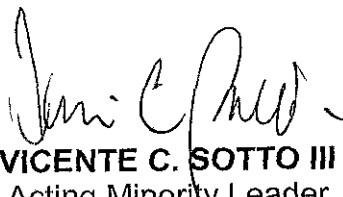

JOSEPH VICTOR G. EJERCITO


GREGORIO B. HONASAN II

Ex-Officio Members:


RALPH G. RECTO
President Pro-Tempore


ALAN PETER "Compañero" S. CAYETANO
Majority Leader


VICENTE C. SOTTO III
Acting Minority Leader

HON. FRANKLIN M. DRILON
Senate President



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SENATE

S. BILL NO. 2437

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(In substitution of S.B. Nos. 256, 452, 1838, 1944 and 2157 taking into consideration H.B. No. 4970)

Prepared by the Committee with Senators Recto, Lapid and Angara
as authors thereof

AN ACT
ADJUSTING THE 13TH MONTH PAY AND OTHER BENEFITS CEILING EXCLUDED FROM THE COMPUTATION OF GROSS INCOME FOR PURPOSES OF INCOME TAXATION, AMENDING FOR THE PURPOSE SECTION 32 (B), CHAPTER VI OF 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 32 (B), Chapter VI of the National Internal Revenue Code of
2 the Philippines (Republic Act No. 8424) is hereby amended as follows::

3 “Sec. 32. Gross Income. –

4 “xxx

5 “(B) Exclusions from Gross Income. – The following items shall not be
6 included in gross income and shall be exempt from taxation under this Title:

7 “xxx

8 “(7) Miscellaneous Items. –

9 “(e) 13th Month Pay and Other Benefits. – Gross benefits
10 received by officials and employees of public and private
11 entities: *Provided, however,* That the total exclusion under this
12 subparagraph shall not exceed [Thirty thousand pesos
13 (P30,000)] SEVENTY FIVE THOUSAND PESOS
14 (P75,000) which shall cover:

15 “xxx

16 “(iv) Other benefits such as productivity incentives
17 and Christmas bonus: *Provided,* [further, That the
18 ceiling of Thirty thousand pesos (P30,000) may be

1 increased through rules and regulations issued by the
2 Secretary of Finance, upon recommendation of the
3 Commissioner, after considering, among others, the
4 effect on the same of the inflation rate at the end of
5 the taxable year.] THAT NOT LATER THAN
6 THREE (3) YEARS AFTER THE EFFECTIVITY
7 OF THIS ACT AND EVERY THREE (3) YEARS
8 THEREAFTER, THE PRESIDENT OF THE
9 PHILIPPINES SHALL ADJUST THE AMOUNT
10 HEREIN STATED TO ITS PRESENT VALUE
11 USING THE CUMULATIVE CONSUMER PRICE
12 INDEX (CPI), AS PUBLISHED BY THE
13 NATIONAL STATISTICS OFFICE (NSO).

14 "xxx"

15 SEC. 2. *Implementing Rules and Regulations.* - The Secretary of Finance shall promulgate
16 the necessary rules and regulations for the faithful and effective implementation of the
17 provisions of this Act.

18 SEC. 3. *Repealing Clause.* - All laws, orders, issuances, circulars, rules and regulations or
19 parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or
20 modified accordingly.

21 SEC. 4. *Separability Clause.* - If any provision of this Act is declared unconstitutional or
22 invalid, other parts or provisions hereof not affected thereby shall continue to be in full
23 force and effect.

24 SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication
25 in at least two (2) newspapers of general circulation.

26 *Approved,*