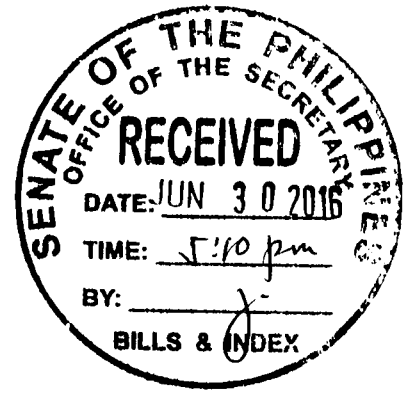


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
FIRST REGULAR SESSION )



SENATE

SENATE BILL NO. 151

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INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

---

AN ACT  
AMENDING SECTION 24 & 35 OF NATIONAL INTERNAL REVENUE  
CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

#### EXPLANATORY NOTE

The 1987 Philippine Constitution Article VI, Section 28 (1) provides that:

“The rule of taxation shall be uniform and equitable. The Congress shall evolve a progressive system of taxation.”

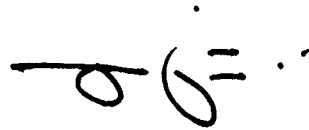
This provision sets out a policy that a sound tax system must be based on the taxpayer's ability to pay.

This proposed amendment to the 1997 National Internal Revenue Code highlights the above-mentioned principle of a sound tax system. The bill targets to benefit the marginal income earners by adjusting the rates of tax on personal income. This will amend current schedule of individual income tax that ceased to be reasonable because of the incomparable prices of basic commodities when the law was enacted.

A bigger chunk of personal exemption from Php 50,000 to Php 70,000 is also proposed in the measure. This amendment is seen to be suitable to the personal and family expenses as well as to cope with the surge of basic commodity prices. Considering the value of Consumer Price Index (CPI), it evidently shows a wide disparity in value when the NIRC was enacted. The Php62 in 1997 cost Ph100 in 2006 and in August 2014 was pegged to have cost

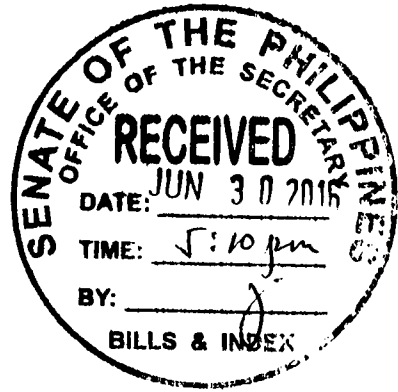
Php140. Through adjusting the personal exemption, the government helps a simple Filipino laborer to sustain a decent living for himself and his family.

In view of the foregoing the immediate passage of the proposed measure is earnestly sought.

A handwritten signature in black ink, appearing to read 'J. Ejercito', with a horizontal line extending to the left of the first letter.

**JOSEPH VICTOR G. EJERCITO**

SEVENTEENTH CONGRESS OF THE )  
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AN ACT  
AMENDING SECTION 24 & 35 OF NATIONAL INTERNAL REVENUE CODE  
OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 24 (A) (2) of the National Internal Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:  
3

4 "SEC. 24. Income Tax Rates. -

5 "(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien  
6 of the Philippines. -

7 "(1) x x x:

8 "x x x

9 "(2) Rates of Tax on Taxable Income of Individuals. - The tax shall be  
10 computed in accordance with and at the rates established in the following  
11 schedule:

Not over P70,000...	Exempt
Over P70,000 but not over P140,000...	P10,500+15% of the excess over P70,000
Over P140,000 but not over P280,000...	P21,000+18% of the excess over P140,000

Over P280,000 but not over P500,000...	P50,400+20% of the excess over P280,000
Over P500,000 but not over P1,000,000...	P100,000+22% of the excess over P500,000
Over P1,000,000 but not over P5,000,000...	P220,000+25% of the excess over P1,000,000
Over P5,000,000 but not over P10,000,000...	P1,250,000+30% of the excess over P5,000,000
Over P10,000,000...	P3,000,000+35% of the excess over P10,000,000

1  
2

"Not over P10,000 ..... 5%

"Over P10,000 but not over P30,000 ..... P500+10% of the excess over P10,000

"Over P30,000 but not over P70,000 ..... P2,500+15% of the excess over P30,000

"Over P70,000 but not over P140,000 ..... P8,500+20% of the excess over P70,000

"Over P140,000 but not over P250,000 ..... P22,500+25% of the excess over P140,000

"Over P250,000 but not over P500,000 ..... P50,000+30% of the excess over P250,000

"Over P5000,000 ..... P125,000+32% of the excess over P500,000]

3  
4  
5  
6  
7  
8  
9

"xxx  
"xxx."

"PROVIDED, FINALLY, that not later than six (6) years after the effectivity of this Act and every six (6) years thereafter, the net taxable income levels and nominal tax rates herein stated shall be adjusted to its present value using the Consumer Price Index, as published by the National Statistics Office (NSO)."

1 **SECTION 2.** Section 35 of the National Internal Revenue Code of 1997, as amended,  
2 is hereby further amended to read as follows:  
3

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

5 "(A) In General. - For purposes of determining the tax provided in Section  
6 24(A) of this title, there shall be allowed a basic personal exemption  
7 amounting to **SEVENTY THOUSAND PESOS (Php70,000)** [Fifty thousand  
8 pesos (P50,000)] for each individual taxpayer.

9 "xxx"

10 "(B) Additional Exemption for Dependents. - There shall be allowed an  
11 additional exemption of **THIRTY THOUSAND PESOS (P30,000)** [Twenty-  
12 five thousand pesos (25,000)] for each dependent not exceeding four (4).

13 "xxx

14 "xxx"

15 "xxx"

16 "xxx"

17 "xxx"

18  
19 **SECTION 3.** Implementing Rules and Regulations - The Secretary of Finance shall  
20 promulgate the necessary rules and regulations for the effective implementation of  
21 the provisions of this Act.  
22

23 **SECTION 4.** Repealing Clause - All law, orders, issuances, circulars, rules and  
24 regulations or parts thereof, which are inconsistent with the provisions of this Act  
25 are hereby repealed or modified accordingly.  
26

27 **SECTION 5.** Separability Clause - If any provision of this Act is declared  
28 unconstitutional or invalid, other parts or provisions hereof not affected thereby  
29 shall continue to be in full force and effect.  
30

31 **SECTION 6.** Effectivity - This Act shall take effect on January 1, 2016 following its  
32 publication in the Official Gazette or in at least two (2) newspapers of general  
33 circulation.  
34

35  
36 Approved,