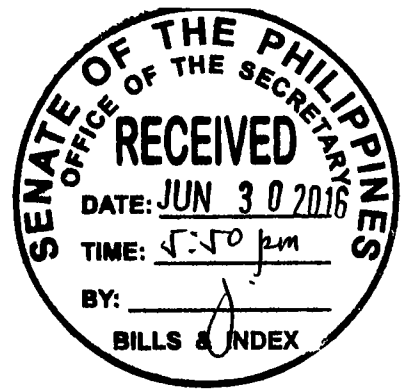


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S.B. NO. 179



Introduced by Senator Maria Lourdes Nancy S. Binay

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

EXPLANATORY NOTE

Article VI, Section 28 of the 1987 Philippine Constitution provides: "1. The rule of taxation shall be uniform and equitable. The Congress shall evolve a progressive system of taxation. xxx". With this in mind, the current National Internal Revenue Code of 1997 or the Tax Code came into effect on said year and has seen minimal changes to date.

In particular, the income tax rates and brackets for individual tax payers are yet to be amended or updated. It bears emphasis that the Consumer Price Index (CPI) has changed and continue to change since the enactment of the Tax Code.

According to the Philippine Statistics Authority the CPI in 2015 is 141.5 using the base year 2006. A general interpretation of this index in terms of price level can be said that what cost at P100 in 2006, now costs P141.5 in 2015. In other words, the purchasing power of an individual earning the same amount of money in previous years weakened.

It is the opportune time to address this situation especially for our fellow country men who are earning just enough to live and survive day after day giving them the opportunity towards financial stability and security.

For instance, the most common household in the Philippines is a family composed of parents having two to three children. They need the following for subsistence: to eat at least three times a day, they need to pay rent, they need to commute to and from their work, they need to spend on miscellaneous expenses as well as be ready for any emergency expenses. For said family to live comfortably on a budget, the family needs an estimated amount of at least thirty thousand pesos (P30,000.00) a month. The moment the said amount is taxed, the burden is felt by the family and they need to adjust and cut down expenses either on food, transportation or clothing which are basic necessities in life.

In reality many earn below thirty thousand pesos (P30,000.00) a month, a great deal of which are middle income earners, and many cut down on basic necessities just to cope with everyday living. It is worthy to note that middle income earners are the ones who immediately feel the undue burden of paying taxes because they are the ones bordering higher income tax brackets.

Thus, this bill proposes for those individual tax payers who earn thirty thousand pesos (P30,000.00) and below to be exempt from paying income tax. The rationale behind this are practicality and lessening the burden on the individual income tax payers by reinforcing the mandate of the 1987 Constitution to have a progressive, uniform and equitable form of taxation through the enactment of this measure.

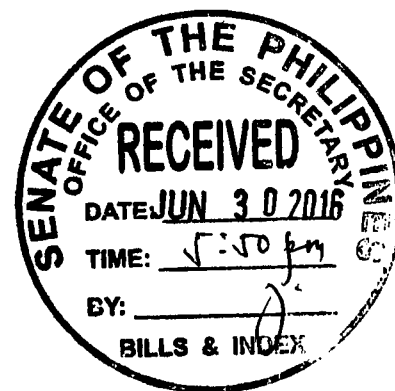
In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'ML Binay', with a stylized flourish at the end.

MARIA LOURDES NANCY S. BINAY

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

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

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

“Sec. 24. Income Tax Rates. –

“(A) *Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines.* –

“(1) An income tax is hereby imposed:

x x x

“(2) Rates of Tax on Taxable Income of Individuals. – The tax shall be computed in accordance with and at the rates established in the following schedule

“NOT OVER P254,000	EXEMPT
“OVER P254,000 BUT NOT OVER P320,000	P19,400 + 20% OF THE EXCESS OVER P160,000
“OVER P320,000 BUT NOT OVER P570,000	P51,400 + 25% OF THE EXCESS OVER P320,000
“OVER P570,000 BUT NOT OVER P1,200,000	P114,000 + 30% OF THE EXCESS OVER P570,000
“OVER P1,200,000	P300,000 + 32% OF THE EXCESS OVER P1,200,000

For married individuals, the husband and wife, subject to the provision of Section 51 (D) hereof, shall compute separately their individual income tax based on their

1 respective total taxable income: *Provided*, That if any income cannot be definitely
2 attributed to or identified as income exclusively earned or realized by either of the
3 spouses, the same shall be divided equally between the spouses for the purpose of
4 determining their respective taxable income.

5
6 *Provided*, That minimum wage earners as defined in Section 22 (HH) of this Code
7 shall be exempt from the payment of income tax on their taxable income: *Provided*,
8 *further*, That the holiday pay, overtime pay, night shift differential pay and hazard
9 pay received by such minimum wage earners shall likewise be exempt from
10 income tax.

11
12 (3) ADJUSTMENTS IN THE TAX SCHEDULE SO THAT INFLATION WILL
13 NOT RESULT IN TAX INCREASES.

14
15 (A) IN GENERAL. – FOR EVERY THREE (3) TAXABLE YEARS
16 BEGINNING ON OR AFTER JANUARY 1, 2017, THE PRESIDENT OF
17 THE PHILIPPINES SHALL PRESCRIBE TAX SCHEDULE WHICH
18 SHALL APPLY IN LIEU OF THE TAX SCHEDULE CONTAINED IN
19 SUBSECTION (2).

20
21 (B) METHOD OF PRESCRIBING THE SCHEDULE. – THE SCHEDULE
22 WHICH UNDER PARAGRAPH (A) IS TO APPLY IN LIEU OF THE
23 SCHEDULE CONTAINED IN SUBSECTION (2), SHALL BE
24 PRESCRIBED–

25
26 (1) BY INCREASING THE MINIMUM AND MAXIMUM PESO
27 AMOUNTS FOR EACH RATE BRACKET FOR WHICH A TAX IS
28 IMPOSED TO ITS PRESENT VALUE USING THE CONSUMER
29 PRICE INDEX (CPI) FOR SUCH CALENDAR YEAR, AS
30 PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY
31 (PSA). *PROVIDED*, THAT IN THE EVENT THAT SAID
32 AUTHORITY SHALL CEASE TO PUBLISH SAID INDEX FIGURE,
33 THEN ANY SIMILAR INDEX BY ANY OTHER DEPARTMENT,
34 BUREAU OR OFFICE OF THE GOVERNMENT SHALL BE USED
35 IN ITS PLACE;

36
37 (2) BY NOT CHANGING THE RATE APPLICABLE TO ANY RATE
38 BRACKET AS ADJUSTED UNDER SUBPARAGRAPH (1); AND

39
40 (3) BY ADJUSTING THE AMOUNTS SETTING FORTH THE TAX
41 TO THE EXTENT NECESSARY TO REFLECT THE
42 ADJUSTMENTS IN THE RATE BRACKETS.

43
44 x x x”

45
46 SECTION 2. *Implementing Rules and Regulations*. The Secretary of Finance shall
47 promulgate the necessary rules and regulations for the faithful and effective
48 implementation of the provisions of this Act: *Provided*, That, the failure of the Secretary
49 of Finance to promulgate the said rules and regulations shall not prevent the
50 implementation of this Act upon its effectivity.

1 SECTION 3. *Repealing Clause.* All laws, orders, issuances, circulars, rules and
2 regulations or parts thereof, which are inconsistent with the provisions of this Act are
3 hereby repealed or modified accordingly.

4
5 SECTION 4. *Separability Clause.* If any provision of this Act is declared
6 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
7 continue to be in full force and effect.

8
9 SECTION 5. *Effectivity.* This Act shall take effect beginning on or after January 1, 2017
10 following its publication in at least two (2) newspapers of general circulation.

11
12
13 Approved,