

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

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SENATE

RECEIVED BY: \_\_\_\_\_

Senate Bill No. 1577

Introduced by Senator Rodolfo G. Biazon

**EXPLANATORY NOTE**

It is the sacred duty of the State to protect at all times the sanctity of the Filipino family. The Constitution articulates this principle very clearly in Sec. 12 of State Policies: *"The State recognizes the sanctity of family life and shall protect and strengthen the family as a basic autonomous social institution. It shall equally protect the life of the mother and the life of the unborn from conception. The natural and primary right and duty of parents in the rearing of the youth for civic efficiency and the development of the moral character shall receive the support of the Government."*

There are many ways the State can manifest its support for the Filipino family, but perhaps none more concrete than by enabling the heads of the families to provide for the needs of their families adequately. With the shrinking value of our currency, unemployment problems, peace and order problems, inability of the government to provide for the social and basic needs of our people, the ordinary Filipino family is besieged by endless worries on how to raise their children into productive members of the society.

While every year each head of State avers that housing is a concern that will be addressed by his or her administration, what with the burgeoning numbers of the homeless and informal settlers, this problem is to date yet to be satisfactorily resolved. Each year, the increase in rentals has forced many to scrimp on other necessities. Worse, others have resorted to becoming informal settlers themselves, turning blind eyes to dangers posed to their children in communities that are wanting in basic facilities and which are less than ideal for their character formation.

This bill seeks to provide some measure of relief to our taxpayers who are married or heads of their families, by including their rentals as allowable deductions from their gross income. It is envisioned that the said amount shall be used to provide for other, equally important, needs of the members of the family.

In view of the urgency of this measure, its passage is earnestly requested.



**RODOLFO G. BIAZON**  
Senator

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**AN ACT**  
**PROVIDING ADDITIONAL ALLOWABLE TAX DEDUCTIONS FOR INDIVIDUAL**  
**TAXPAYERS, AMENDING FOR THE PURPOSE SECTION 34 OF REPUBLIC ACT**  
**NO. 8424, OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997**

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

**SECTION 1.** Section 34 of Republic Act 8424 is hereby amended to read as follows:

Sec. 34. Deductions from Gross Income. – Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section other than under Subsection[S] (M) AND [(N)] hereof, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B) and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:

(A) Expenses. –

xxx                      xxx                      xxx                      xxx

(N) RENTALS ON DWELLINGS. – THE AMOUNT OF RENTALS ON DWELLINGS PAID FOR BY THE TAXPAYER IN CONSIDERATION OF HIS OR HIS FAMILY’S LODGINGS SHALL BE ALLOWED AS A DEDUCTION FROM HIS GROSS INCOME. *PROVIDED*, THAT THE HOUSEHOLD INCOME SHALL NOT EXCEED FIVE HUNDRED THOUSAND PESOS (P500, 000.00) FOR THE TAXABLE YEAR. *PROVIDED, FURTHER*, THAT IN THE CASE OF MARRIED TAXPAYERS, SAID DEDUCTION MAY ONLY BE CLAIMED BY THE SPOUSE CLAIMING THE ADDITIONAL EXEMPTION FOR DEPENDENTS.

FOR PURPOSES OF THIS SUBSECTION, “RENTALS ON DWELLINGS” MEANS PAYMENTS MADE BY THE TAXPAYER FOR THE USE OF A HOUSE, AN APARTMENT, A ROOM OR ANY DWELLING PRIMARILY USED FOR RESIDENTIAL PURPOSES AND RENTED OUT TO A TENANT ON A REGULAR BASIS, FOR PURPOSES OF HIS OR HIS FAMILY’S LODGINGS AND RESIDENCE.

Notwithstanding the provisions of the preceding Subsections, the Secretary of Finance, upon the recommendation of the Commissioner, after a public hearing shall have been held for the purpose, may prescribe by rules and regulations, limitations or ceilings for any of the itemized deductions under Subsections (A) to (J), AND (N) of this Section: *Provided*, That for purposes of determining such ceilings or limitations, the Secretary of Finance shall consider the following factors: (1) adequacy of the prescribed limits on the actual expenditure requirements of each particular industry; and (2) effects of inflation or expenditure levels: *Provided, further*, That no ceilings shall further be imposed on items of expense already subject to ceilings under present law.

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

**SEC. 3. Repealing Clause.** - All laws, decrees, orders, issuances, rules and regulations and other issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

**SEC. 4. Effectivity.** - This Act shall take effect fifteen (15) days after publication in two (2) national newspapers of general circulation.

Approved,