

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



23 NOV -8 P 6 :46

SENATE
S. B. No. 2479

RECEIVED BY

Introduced by Senator Joseph Victor G. Ejercito

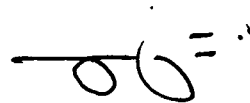
AN ACT
PROVIDING FOR TAX INCENTIVES FOR EMPLOYEES ON A WORK-FROM-HOME OR TELECOMMUTING PROGRAM, FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Work-From-Home set-up which was employed during the COVID – 19 pandemic is one of the best positive results that the pandemic has brought in us. In fact, this set-up has even improved productivity among employees and maximized performance output. Savings for resources such as transportation cost, gasoline, utilities (in the office) and other operating expenses were realized. The time spent on traffic for employees and employers are now spent with their families while doing their work at home. However, while employees working from home also incur additional expenses at home. Their utilities expense, most specially electricity, also increased aside from the cost for the installation of internet connectivity. As a result, employees working from home shoulder a portion of the operating costs which are conventionally being shouldered by their employers when rendering onsite work.

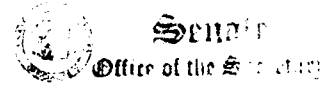
Having said this, the bills seeks to amend the Tax Code in order to provide additional deduction to the compensation income of employees working from home by lowering their tax dues and increasing their take home pay as a way to offset the expenses they incur while working from home. The bill also proposes a tax benefit to

the employers providing allowances to employees to somehow cover expenses incurred by their employees necessary for telecommuting.

A handwritten signature in black ink, consisting of a horizontal line followed by a stylized 'J' and 'E' that are connected and looped together.

JOSEPH VICTOR G. EJERCITO

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**AN ACT
PROVIDING FOR TAX INCENTIVES FOR EMPLOYEES ON A WORK-FROM-HOME OR TELECOMMUTING PROGRAM, FURTHER AMENDING FOR THE PURPOSE, REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, 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 34 of Republic Act No. 8424, or the National Internal Revenue
2 Code of 1997, is hereby amended to read as follows:

3 "Sec. 34. Deductions from Gross Income. - Except for taxpayers earning
4 compensation income arising from personal services rendered under an
5 employer-employee relationship where no deductions shall be allowed under
6 this Section, **AND EXCEPT AS OTHERWISE PROVIDED FOR HEREIN IN**
7 **CASE OF WORK-FROM-HOME AND TELECOMMUTING EMPLOYEES**, in
8 computing taxable income subject to income tax under Sections 24(A); 25(A);
9 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following 10
10 deductions from gross income:

11 (A) Expenses -

12 (1) Ordinary and Necessary Trade, Business or Professional Expenses-

13 (a) XXX

14 (b) XXX

15 (c) XXX

1 (D) WORK-FROM-HOME OR TELECOMMUTING EMPLOYEES.
2 NOTWITHSTANDING THE FIRST PARAGRAPH OF THIS SECTION,
3 INDIVIDUALS EARNING COMPENSATION INCOME SHALL BE
4 ENTITLED A DEDUCTION OF TWENTY-FIVE PESOS (P25.00) FROM
5 THEIR TAXABLE INCOME FOR EVERY HOUR WORKED UNDER A
6 WORK-FROM-HOME OR TELECOMMUTING ARRANGEMENT.
7 *PROVIDED*, THAT, THE EMPLOYEE SHALL CERTIFY UNDER OATH, THE
8 NUMBER OF HOURS SERVED UNDER THE WORK-FROM-HOME OR
9 TELECOMMUTING PROGRAM FOR THE YEAR, WHICH SHALL BE FILED
10 AS AN ATTACHMENT TO THE EMPLOYEE'S INCOME TAX RETURN.

11
12 ALLOWANCES OR OTHER BENEFITS GRANTED BY EMPLOYERS TO
13 THEIR EMPLOYEES TO COVER EXPENSES NECESSARY FOR
14 TELECOMMUTING, NOT EXCEEDING TWO THOUSAND PESOS
15 (P2,000) PER MONTH, SHALL BE CONSIDERED AS A NON-TAXABLE
16 BENEFIT. AMOUNTS GRANTED IN EXCESS SHALL BE SUBJECTED TO
17 EXISTING TAX RULES; *PROVIDED*, THAT, EMPLOYEES RECEIVING
18 THIS BENEFIT SHALL NO LONGER BE ENTITLED TO THE HOURLY
19 DEDUCTION FROM INCOME TAX PROVIDED FOR IN THE PRECEDING
20 PARAGRAPH; *PROVIDED FURTHER*, THAT, EMPLOYERS SHALL BE
21 ENTITLED TO AN ADDITIONAL FIFTY PERCENT (50%) INCOME TAX
22 DEDUCTION FOR ALLOWANCES GRANTED WITHIN THE SPECIFIED
23 CEILING.

24 *Sec. 2. Implementing Rules and Regulations* – The Department of Finance,
25 together with the Bureau of Internal Revenue, shall promulgate the rules and
26 regulations to implement this Act within ninety (90) days from the effectivity of this
27 Act.

28 *Sec. 3. Separability Clause.* - If any part or provision of this Act is held
29 unconstitutional or invalid, the other parts or provision hereof which are not affected
30 shall continue to be in full force and effect.

31 *Sec. 4. Repealing Clause.* — Any law, presidential decree or issuance, executive
32 order, letter of instruction, administrative order, rule, or regulation contrary to or

1 inconsistent with the provisions of this Act is hereby repealed, modified, or amended
2 accordingly.

3 Sec. 5. *Effectivity.* - This Act shall take effect fifteen (15) days after its
4 publication in at least two (2) newspapers of general circulation.

Approved,