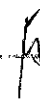


10 JUL -7 P5:07

SENATE

Senate Bill No. 773

PREPARED BY



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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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EXPLANATORY NOTE

The world has been gripped with fears of a global economic meltdown. The problem has been so severe that stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems and restore trust which has weakened considerably. Inescapably, the extent of these financial problems will affect the livelihoods of almost everyone in our increasingly inter-connected world.

Now is the time to take the first important step toward meeting the need for confidence building initiatives against the financial crisis. Measures must be in place to strengthen the public's trust in the banking system, and more importantly, to secure employment and income during these tough and trying times.

Thus, this proposed measure seeks to introduce transitory measures that will provide small saver and consumer relief and stability, build confidence in the financial system and encourage job creation in the private sector. Specifically, a one-time stimulus income tax refund to the maximum amount of Php5,000.00 for all fixed income earners who paid income taxes is proposed. Likewise, a 90-day moratorium on home foreclosures is introduced to provide temporary relief to home buyers and the non-imposition of fees and charges as penalties for early withdrawal of short term deposits is proposed, with the intention of providing support to small saver households experiencing cash flow problems during these lean times. Finally, a 3-year program extending income tax credits for employers hiring additional regular or permanent employees is instituted under the proposed bill. Thus, for each additional regular or permanent employee hired for at least 1 year, any employer is entitled to a maximum income tax credit equivalent to 30 % of annual salary of said employee. The creation of this program will stimulate job creation even in lean times, at the same time rewarding employers who continue to see the longer term.

In view of the foregoing, approval of this bill is earnestly requested.

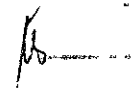


JINGGOY EJERCITO ESTRADA  
Senator

10 JUL -7 P5:07

SENATE

Senate Bill No. 773

RECEIVED BY: 

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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AN ACT

INTRODUCING TRANSITORY MEASURES TO PROVIDE CONSUMER AND SMALL SAVER RELIEF, PROMOTE INDIVIDUAL ECONOMIC STABILITY AND BUILD INDIVIDUAL CONFIDENCE BY PROVIDING A STIMULUS TAX REFUND TO FIXED INCOME EARNERS, PROTECTING INTERESTS OF DEPOSITORS OF BANKS AND OF HOME OWNERS, AND, GIVING TAX CREDIT INCENTIVES TO EMPLOYERS WHO PROVIDE NEW PERMANENT JOBS, AND FOR OTHER PURPOSES

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

**SECTION 1.** This Act shall be known as the "*Transitory Individual Economic Stability and Confidence Building Measures Act of 2010.*"

**SEC. 2. *One Time Income Tax Refund for All Fixed Income Earners.*** - Notwithstanding the provisions of Republic Act No. 8424, otherwise known as the National Internal Revenue Code, as amended, and other applicable laws, there shall be allowed a one time income tax refund for all fixed income earners to the maximum amount of Five Thousand Pesos (Php5,000.00). In the event that the income tax due of the fixed income earner is less than the maximum amount of Five Thousand Pesos (Php5,000.00), then the one time tax refund shall be equal to the income tax due. This income tax refund shall be applicable only to calendar year ending in 2010.

The Department of Finance and the Bureau of Internal Revenue shall issue the appropriate implementing rules and regulations to govern this provision within a period of thirty (30) days from the effectivity of this Act.

**SEC. 3. *Ninety Day Moratorium on Home Foreclosures.*** - Notwithstanding the provisions of Republic Act No. 9507, otherwise known as the "*Socialized and Low-Cost Housing Loan Restructuring and Condonation Act of 2008,*" and, other applicable laws, there shall be a moratorium on foreclosure of homes, for a period of ninety (90) days from the effectivity of this Act. All relevant government agencies shall respect the right of home owners to be secure in their mortgaged homes during this ninety day (90) moratorium period.

**SEC. 4. *Non-Imposition of Penalties for Early Withdrawal.*** - Notwithstanding the provisions of Republic Act No. 6753, otherwise known as The New Central Bank Act, as amended, and, other related laws, all banks shall not be allowed to impose any charges or fees representing penalties for early

withdrawal by any depositor who decides to withdraw his money in whole or in part, unless such deposit was made for a period of five (5) years or more.

**SEC. 5. Income Tax Credits for Employers Who Hire Additional Regular or Permanent Employees.** - Notwithstanding the provisions of Republic Act No. 8424, otherwise known as the National Internal Revenue Code, as amended, and other applicable laws, there shall be allowed, for any person who hires or employs one or more additional regular employees for at least one year, an income tax credit equivalent to thirty percent (30%) of the gross annual salary of each additional regular or permanent employee. Without prejudice to the applicability of such salary expense of said additional regular or permanent employees as a deduction against gross revenues of the employer in the computation of income tax due, this income tax credit may be automatically applied by the employer against its income tax due. If after application of all the applicable income tax credits the income tax due is zero, then no income tax due shall be deemed payable and due. Any excess income tax credits may be carried over in the succeeding period. This treatment of income tax credit for additional regular or permanent employees shall be applicable for a period of three (3) years from the effectivity of this Act and shall apply for the whole of the last calendar year of the third year of the three year period. For the purpose of this Section, an additional regular or permanent employee shall refer to any person newly hired to provide services that are necessary or desirable in the usual business of a company in exchange for compensation and who does not provide these services as part of an independent business, *Provided* that the employment of such person should be for a newly created position in addition to the existing staffing requirements of the company.

The Department of Finance and the Bureau of Internal Revenue shall issue the appropriate implementing rules and regulations to govern this provision within a period of thirty (30) days from the effectivity of this Act.

**SEC. 6. Separability Clause.** - If, for any reason, any section or provision of this Act shall be held unconstitutional or invalid, the other section or provision not otherwise affected shall remain in full force and effect.

**SEC. 7. Repealing Clause.** - All laws, presidential decrees, executive orders, proclamations, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 8. Effectivity Clause.** - This Act shall take effect fifteen (15) days from its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

*Approved,*