

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB NO. 1430



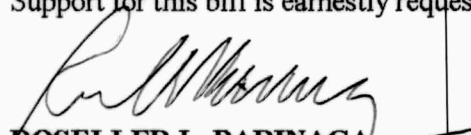
Introduced by **Rep. Roseller L. Barinaga**

EXPLANATORY NOTE

The income taxation scheme in the Philippines is very comprehensive as to practically include every conceivable income of the citizens. Monetary benefits received by employees in the course of their separation from work for causes such as termination are treated as income of these employees. As such, they are assessed the corresponding income tax rate. These tax rates constitute a diminution of these benefits as it will necessarily lessen the net income received by the employees. This is rather unjust for the employees in view of the fact that such benefits are for the purpose of their subsistence during the time they are separated from or out of work. Thus, these monetary benefits should not anymore be diminished.

This bill therefore proposes to exempt from taxation the monetary benefits of employees who are retiring, resigning or terminated from work.

Support for this bill is earnestly requested.


ROSELLER L. BARINAGA

Representative
2nd District, Zamboanga del Norte

Congress of the Philippines)
Thirteenth Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES

HB NO. 1430

Introduced by **Rep. Roseller L. Barinaga**

AN ACT

EXEMPTING FROM INTERNAL REVENUE TAXATION THE SEPARATION PAY, RETIREMENT PAY AND ALL MONETARY BENEFITS, HOWEVER DESIGNATED, OF EMPLOYEES WHO ARE SEPARATED FROM WORK FOR ANY CAUSE

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

SECTION 1. Coverage. The benefit provided under this Act shall be enjoyed by employees in the government and private sector.

SEC. 2. Tax Exemption. The separation pay, retirement pay and all other benefits, however designated, of employees separated from work shall be exempt from internal revenue taxation.

SEC. 3. Repealing Clause. Any law, decree, order, rules and regulations or part thereof which is inconsistent with this Act is hereby repealed or modified accordingly.

SEC. 4. Effectivity. This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation in the Philippines, whichever comes earlier.

Approved.