

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1766



Introduced by: **REP. PROSPERO A. PICHAY, JR.**

EXPLANATORY NOTE

Shelter is one of man's basic needs that are non-negotiable. One can scrimp on food and survive. One can wear tattered rags and survive. But it is unimaginable for one to survive without a roof over his head.

Extreme poverty and financial woes, however, have forced about 4 million Filipinos to live in dwelling places that hardly resemble houses. They live in small places beneath bridges, along waterways, beside railroad tracks, under street lamps and trees in parks and open spaces, and even in garbage dumps.

The apartment dwellers also form part of the aforementioned sector collectively called the urban poor. Though income-earners, the apartment dwellers and lessees could hardly make both ends meet because, based on 1997 statistics gleaned by the National Statistical Coordinating Board, a family earning ₱14,360 a month spends at least ₱7,724 for food alone. Add on to this the cost of a modest apartment at ₱4,000, and it will be impossible to divide the remaining ₱2,636 for education, transportation, medicine, clothing, and utilities expenses.

This bill therefore seeks to lighten the load of struggling apartment dwellers and lessees by exempting rentals and leases from internal revenue tax and making rent and lease payments deductible from the families' fixed taxable income.

Approval of this important measure is thus most earnestly sought.

PROSPERO A. PICHAY, JR.



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AN ACT
EXEMPTING FROM INCOME TAXATION CERTAIN RENTALS ON
RESIDENTIAL/APARTMENT OR OTHER DWELLING UNITS, ALLOWING THEM TO BE
DEDUCTIBLE FROM TAXABLE FIXED INCOME OF THE TENANTS OR INDIVIDUALS
WHO PAY SAID RENTALS

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

SECTION 1. This Act shall be known as the "Rental Tax Exemption Law."

SEC. 2. Rentals or leases paid during a taxable period by tenants or individuals for occupancy of residential/apartment or dwelling units shall be exempted from internal revenue tax and shall be deductible from their taxable fixed income earned during the said taxable period: *Provided*, that the amount of rentals or leases covered by such exemption shall not exceed five thousand pesos (₱5,000.00) per month for those residing within Metro Manila, two thousand five hundred pesos (₱2,500.00) per month for those residing outside of Metro Manila: and *Provided, further* that such payments are duly covered by valid rental or lease contract agreement/s for occupancy of the residential/apartment or dwelling unit/s and by official receipts indicating payment of rentals/leases for purposes of establishing authenticity of claims for tax exemptions.

SEC. 3. Any or all provisions of the law, decrees, orders, or rules and regulations contrary to or inconsistent with this Act are hereby invalidated.

SEC. 4. This Act shall take effect upon its approval and publication in at least one (1) national newspaper of general circulation.

Approved,