

155

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 3669

Introduced by Hon. Rozzano Rufino B. Biazon

EXPLANATORY NOTE

The current so-called fiscal crisis has given the government the moral authority to push for tax measures to address the problems wrought by a worsening budget deficit and unmet obligations to its citizenry by the State.

Unfortunately, some of these tax measures can only mean one thing for the ordinary Filipino: a further tightening of the belt, as he experiences a diminution of his already shrunk purchasing power.

Given the grim scenario continually painted by the media and civil society, it is incumbent upon the State to give the common man a relief from the barrage of problems he encounters day to day, and support for his obligations to himself, his family, and society.

One important, nay, critical social issue that constantly faces each of us, and that can never be set aside, is health. Yet, it is quite sad that the national budget for health grows proportionately smaller each year, while the amount set aside for debt servicing steadily grows.

The health of the citizens should enjoy priority in the government's agenda in building a strong republic. For healthy citizens contribute more to the gross national product than a sickly labor force that spends more time in sickbay than contributing to productivity.

While asking the government to increase the budget for the health sector is perhaps out of the question, allowing our taxpayers to deduct expenses incurred for their health problems from their gross income will directly give them the health benefits that the State has failed to provide. And though it may seem that the government will lose revenues with this proposal, we argue that the official receipts obtained for payments of professional fees will help it approximate, if not determine, and thus appropriately tax, the incomes made by members of the medical profession whose practices have so far been marked by non-issuance of such official receipts for professional services rendered. This proposal, then, actually addresses two tax issues.

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


ROZZANO RUFINO B. BIAZON
Representative
Lone District, Muntinlupa City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 3669

Introduced by Hon. Rozzano Rufino B. Biazon

**AN ACT
INCLUDING MEDICAL EXPENSES AS 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) HEALTH MAINTENANCE EXPENSES – EXPENSES INCURRED AS PAYMENTS BY THE TAXPAYER AND/OR HIS DEPENDENTS FOR PROFESSIONAL MEDICAL FEES, INCLUDING CONSULTATION FEES, AND FOR MEDICINES PRESCRIBED FOR DIAGNOSED ILLNESSES, SHALL BE ALLOWED AS DEDUCTIONS FROM HIS GROSS INCOME. *PROVIDED*, THAT ALL SUCH EXPENSES ARE SUPPORTED BY OFFICIAL RECEIPTS, MEDICAL CERTIFICATES AND DOCTORS' PRESCRIPTIONS. *PROVIDED FURTHER*, THAT

IN THE CASE OF MARRIED TAXPAYERS, SAID DEDUCTION MAY ONLY BE CLAIMED BY THE SPOUSE CLAIMING THE ADDITIONAL EXEMPTION FOR DEPENDENTS.

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,