

Republic of the Philippines
HOUSE OF REPRESENTATIVE
Quezon City, Metro Manila

Thirteen Congress
Second Regular Session

House Bill No. 5663



Introduced By: **TRANQUILINO B. CARMONA, M.D.**

EXPLANATORY NOTE

Yes, it is true that taxation is the lifeblood of our nation, but there is some grain of truth to an old adage: 'you cannot kill a hen that lays a golden egg'. Undeniably, the major source of Philippine revenue is its resident citizens who are deriving compensation income, or from trade or business or the exercise of profession from within or without the Philippines. We can consider these individuals as the hens that lay the golden eggs.

Highly recommended through the passage of this bill.

TRANQUILINO B. CARMONA, M.D.

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“AN ACT AMENDING SECTION 35 OF THE TAX REFORM ACT OF 1997”

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

SECTION. 1. *coverage.* - This act shall only cover resident citizens deriving compensation income, and does not extend to all resident or non-resident aliens, or to Filipinos employed by and who receive compensation income from:

- a. Regional or area headquarters or regional operating headquarters of multinational corporations established in the Philippines;
- b. Offshore banking units established in the Philippines;
- c. Petroleum service contractors and subcontractors

SECTION 2. *Increase in Allowance of Personal Exemption and replacement of a word.* - (a) Section 35 (A) of the Tax Reform Act of 1997 is hereby modified to include the following:

1. For single individual or married individual judicially decreed as legally separated with no qualified dependents, **P 50,000.00;**
2. For head of the family, **P 60,000.00;**
3. For each married individual, **P 70,000.00**

(b) The word ‘**recognized natural**’ in the last paragraph of section 35 (A) of said Act is hereby deleted, and word “**illegitimate**” shall be incorporated in the last paragraph of section 35((A) of such Act.

SECTION 3. *Increased Amount of Additional Exemption for dependents and expanding the meaning of dependent.* – Section 35(B) is hereby amended as follows: (a) The first sentence/paragraph of the aforesaid provision shall be read in the following:

“There shall be allowed an additional exemption of **Fifteen thousand (P 15,000.00)** for each dependent not exceeding four (4).”

(b) In addition to the enumeration of “dependents” under the last paragraph of section 35(B), the adoptive parents and the legitimate or illegitimate child of the taxpayer’s legitimate or illegitimate child otherwise known as grandson/granddaughter are hereby included/incorporated in such provision/paragraph.

SECTION 4. *Effectivity.* - This Act shall take effect thirty (30) days following its publication in the Official Gazette or in a national newspaper of general circulation in the Philippines.

APPROVED: