

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
1st Regular Session

House Bill No. **260**



Introduced by **RODRIGUEZ D. DADIVAS**

Explanatory Note

Fixed income earners or pure compensation income earners who have been issued certificates of withholding tax by their employers shouldn't have to file their income tax returns. The mere issuance of certificate of withholding tax by their employers already serves as a proof of both income and tax payment, hence, the filing of income tax returns is indeed an added burden not only for these people but also for the government.

The cost of ITR form is estimated to be around P6.50 per set while the number of registered compensation earners for CY 2001 is close to 3.6 million per the BIR data. Corollary, the government will generate a saving of more than P23million per year on ITR forms alone. Furthermore, the government would also save time, effort, and money for the safekeeping of said documents and the manpower to undertake the record management. The need for the compensation earners to line up for the long queue just to file their income tax returns would be over.

Hence, I file this bill to propose the simplification of the system of tax collection and administration particularly for fixed income earners, thereby easing the BIR of unnecessary records or of little use. Subsequently, the BIR people would be having more time to enhance its efficiency in tax collection, tax monitoring and tax audit, especially of large taxpayers.

This bill was also filed in both houses of Congress during the last 12th Congress but the dearth of time averted the approval of this bill.

Hence, the immediate approval of this bill is earnestly requested.

RODRIGUEZ D. DADIVAS

Representative
1st District, Capiz

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AN ACT

PROVIDING FOR THE EXEMPTION OF FIXED INCOME EARNERS FROM THE FILING OF INCOME TAX RETURNS, AMENDING FOR THE PURPOSE SECTION 51 (A) (2) (b) 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 51 (A) (2) (b) of Republic Act No. 8424, otherwise known as the "Tax Reform Act of 1997" is hereby amended to read as follows:

"SEC. 51. Individual Return. –

(A) Requirements. –

(1) except as provided in paragraph (2) of this Subsection, the following individuals are required to file an income tax return:

(a) Every Filipino citizen residing in the Philippines;

(b) Every Filipino citizen residing outside the Philippines, on his income from sources within the Philippines;

(c) Every alien residing in the Philippines, on income derived from sources within the Philippines; and

(d) Every nonresident alien engaged in trade or business or in the exercise of profession in the Philippines.

(2) The following individuals shall not be required to file an income tax return:

(a) An individual whose gross income does not exceed his total personal and additional exemptions for dependents under Section 35: *Provided*, That a citizen of the Philippines and any alien individual engaged in business or practice of profession within the Philippines shall file an income tax return, regardless of the amount of gross income;

(b) An individual [with respect to] **RECEIVING** pure compensation income, as defined in Section 32(A)(1), derived from sources within the Philippines, the income tax on which has been correctly withheld **BY HIS EMPLOYER AS EVIDENCED BY THE EMPLOYER'S CERTIFICATE OF COMPENSATION PAYMENT TAX WITHHELD** under the provisions of Section 79 of this Code: *Provided*, That an individual deriving compensation concurrently from two or more employers at any time during the taxable year shall file an income tax return[: *Provided, further*, That an individual whose pure compensation income derived from sources within the Philippines exceeds Sixty Thousand Pesos (P60,000.00) shall also file an income tax return];

SEC. 2. Repealing Clause. – All laws, decrees, executive orders, issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 3. Effectivity. – This Act shall take effect upon approval.

Approved,