

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 550

Introduced by Congressman JUAN C. PONCE ENRILE, JR.

EXPLANATORY NOTE

The exigencies brought about by the continuing economic crisis to the average Filipino taxpayer these days necessitates the introduction of certain safety nets that would, even in part, protect them from an unabated deterioration of their purchasing power. It should be noted that in the months past, the average consumer has been buffeted with a continuing increase in fuel prices, rising costs of basic consumer items, higher costs of household utilities and seemingly unrestrained increases in the cost of education.

All these are falling squarely on the shoulders of the fixed-income taxpayers who are not only the most conscientious in paying their taxes, but likewise the very same taxpayers who are being earmarked to be burdened by more.

It is hereby recommended that the House of Representatives, pursuant to its mandate of protecting the rights and furthering the well-being of the Filipino people, exercise its law-making powers in the effort to legislate such safety nets. Such an objective is the purpose of this measure, which proposes to increase the present levels of personal and additional exemptions for the individual income taxpayer as currently provided for under Republic Act 8424, otherwise known as the Tax Reform Act of 1997.

Given the utmost urgency by which our people are seeking relief from their economic difficulties, the immediate passage of this bill is earnestly sought.


JUAN C. PONCE ENRILE, JR.

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AN ACT
INCREASING THE ALLOWABLE PERSONAL AND ADDITIONAL EXEMPTIONS
OF INDIVIDUAL TAXPAYERS, AMENDING FOR THE PURPOSE SECTION 35 (A)
AND (B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 35 (A) and (B) of the National Internal Revenue Code of 1997,
as amended, is hereby amended to read as follows:

“SEC. 35. Allowance of Personal Exemption for Individual Taxpayers.-

(A) *In General* – For purposes of determining the tax provided in
Section 24 (A) of this Title, there shall be allowed a basic
personal exemption as follows:

For single individual or
married individual
judicially decreed as
legally separated with
qualified dependents [P20,000.00] **P 48,000.00**

For head of the family [P25, 000.00] **P 54,000.00**

For each married individual [P32, 000.00] **P 64,000.00**

In the case of married individuals where only one of the spouses is deriving gross income, only such spouse shall be allowed the personal exemption.

For purposes of this paragraph, the term "head of the family" means an unmarried or legally separated man or woman with one or both parents, or with one or more brothers and sisters, or with one or more legitimate, recognized natural or legally adopted children living with and dependent upon him for their chief support, where such brothers or sisters or children are not more than twenty-one (21) years of age, unmarried and not gainfully employed or when such children, brothers or sisters, regardless of age are incapable of self-support because of mental or physical defect.

- (B) *Additional Exemption for Dependents.* – There shall be allowed an additional exemption of [Eight Thousand Pesos (P8,000.00)] SIXTEEN THOUSAND PESOS (P16,000.00) for each dependent not exceeding four (4).

The additional exemption for dependents shall be claimed by only one of the spouses in the case of married individuals.

In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or the children; *Provided*, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions herein allowed.

For purposes of this Subsections, a "dependent" means a legitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more that twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self support because of mental physical defect."

SECTION 2. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 3. *Repealing Clause.* – All provisions of law, orders, decrees, executive orders, including rules and regulations or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or at least two (2) national newspapers of general circulation.

Approved,