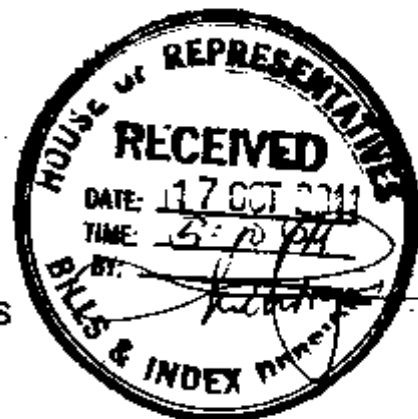




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Fifteenth Congress
Second Regular Session



COMMITTEE REPORT NO. 1494

Submitted by the Committee on Ways and Means on **17 OCT 2011**

RE : House Bill No. **5431**
Recommending its approval in substitution of House Bill Nos.
3765, 4026 4793 and 5100

Sponsors : Representatives Hermilando I. Mandanas, Deogracias B.
Ramos, Jr., Marlyn Primicias-Agabas, Diosdado Macapaga,
Arroyo and Gloria Macapagal-Arroyo

Mr. Speaker,

The Committee on Ways and Means to which were referred House Bill No.
3765, introduced by Representative Deogracias B. Ramos Jr., entitled:

**"AN ACT GRANTING TAX DEDUCTIONS TO PARENTS AND
LEGAL GUARDIANS OF CHILDREN WITH SPECIAL NEEDS"**

House Bill No. 4026, introduced by Representative Marlyn Primicias-Agabas,
entitled:

**"AN ACT GRANTING ADDITIONAL EXEMPTION FOR
DEPENDENTS WITH DISABILITIES, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 9504, OTHERWISE KNOWN
AS "AN ACT AMENDING SECTIONS 22, 24, 34, 35, 51 AND 79
OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE
KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF
1997," AND FOR OTHER PURPOSES"**

House Bill No. 4793, introduced by Representative Hermilando I. Mandanas, entitled:

"AN ACT AMENDING SECTION 35(B) OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 9504"

and House Bill No. 5100, introduced by Representatives Diosdado Macapagal Arroyo and Gloria Macapagal-Arroyo) entitled:

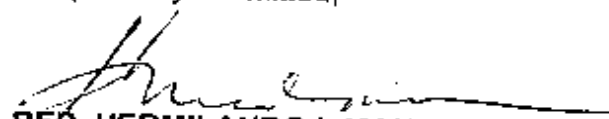
"AN ACT GRANTING TAX DEDUCTIONS TO PARENTS AND LEGAL GUARDIANS OF CHILDREN WITH SPECIAL NEEDS"

have considered the same and recommends that the attached House Bill No. ~~5431~~, entitled:

"AN ACT GRANTING ADDITIONAL EXEMPTION TO AN INDIVIDUAL TAXPAYER AMENDING FOR THE PURPOSE SECTION 35(B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 9504"

be approved in substitution of House Bill Nos. 3765, 4026, 4793 and 5100 with Representatives Deogracias B. Ramos, Jr., Marilyn Primicias-Agabas, Hermilando I. Mandanas, Diosdado Macapagal Arroyo, Gloria Macapagal-Arroyo, Giorgidi B. Aggabao, Jesus Crispin Remulla, Andres D. Salvacion, Jr., Fatima Aliah Q. Dimaporo, Philip A. Pichay and Jerry P. Treñas as authors thereof.

Respectfully submitted,


REP. HERMILANDO I. MANDANAS

Chairman

Committee on Ways and Means

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

FIFTEENTH CONGRESS

Second Regular Session

House Bill No. **5431**

(in substitution of House Bill Nos. 3765, 4026, 4793 and 5100)

Introduced by Representatives Deogracias B. Ramos Jr.,
Marlyn Primicias- Agabas, Hermilando I. Mandanas, Diosdado
Macapagal Arroyo, Gloria Macapagal Arroyo, Giorgidi B. Aggabao,
Jesus Crispin C. Remulla, Andres D. Salvacion, Jr., Fatima Aliah Q.
Dimaporo, Philip A. Pichay and Jerry P. Treñas

AN ACT
GRANTING ADDITIONAL EXEMPTION TO AN INDIVIDUAL
TAXPAYER AMENDING FOR THE PURPOSE SECTION 35(B) OF
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED BY REPUBLIC ACT NO. 9504

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

1 **SECTION 1.** Section 35 (B) of Republic Act No. 8424, otherwise known as the National
2 Internal Revenue Code of 1997, as amended by Republic Act No. 9504, is hereby further
3 amended to read as follows:
4

5 **SEC. 35 Allowance of Personal Exemption for Individual Taxpayer. -**
6

7 **(A) In General. -** For purposes of determining the tax provided in Section 24 (A) of this
8 Title, there shall be allowed a basic personal exemption amounting to Fifty thousand
9 pesos (P50,000) for each individual taxpayer
10

1 In the case of married individual where only one of the spouses is deriving gross income.
2 only such spouse shall be allowed the personal exemption.
3

4 (B) Additional Exemption for Dependents. - There shall be allowed an additional
5 exemption of Twenty-Five Thousand Pesos (P25,000) for each dependent **WITHOUT**
6 **DISABILITY** [not exceeding four (4).] **AND FIFTY THOUSAND PESOS (P50,000)**
7 **FOR EACH DEPENDENT WITH DISABILITY.**
8

9 The additional exemption for dependents **REFERRED HEREIN** shall be claimed by
10 only one of the spouses in the case of married individuals.
11

12 In the case of legally separated spouses, additional exemptions may be claimed only by
13 the spouse who has custody of the child or children[:].
14

15 **AN INDIVIDUAL TAXPAYER WHO IS THE LEGAL GUARDIAN OF A**
16 **DISABLED PERSON MAY CLAIM THE ADDITIONAL EXEMPTION FOR THE**
17 **SAID DEPENDENT: PROVIDED, THAT ONLY THE LEGAL GUARDIAN CAN**
18 **AVAIL OF THE ADDITIONAL EXEMPTION FOR A PARTICULAR TAXABLE**
19 **YEAR TO THE EXCLUSION OF THE BIOLOGICAL PARENTS.**
20

21 [Provided, that the total amount of additional exemptions that may be claimed by both
22 shall not exceed the maximum additional exemptions herein allowed.]
23

24 [For purposes of this Subsection, a "dependent" means a legitimate, illegitimate, or legally
25 adopted child chiefly dependent upon and living with the taxpayer if such dependent is
26 not more than twenty-one (21) years of age, unmarried and not gainfully employed or if
27 such dependent, regardless of age, is incapable of self-support because of mental or
28 physical defect.]
29

30 **FOR PURPOSES OF THIS SUBSECTION:**
31

32 **(A). THE TERM 'DEPENDENT' REFERS TO:**
33

34 **1) A LEGITIMATE, LEGITIMATED, ILLEGITIMATE OR LEGALLY**
35 **ADOPTED CHILD CHIEFLY DEPENDENT UPON AND LIVING**
36 **WITH THE TAXPAYER IF SUCH DEPENDENT IS NOT MORE**
37 **THAN TWENTY-ONE (21) YEARS OF AGE, UNMARRIED AND**
38 **NOT GAINFULLY EMPLOYED OR IF SUCH DEPENDENT,**
39 **REGARDLESS OF AGE, IS INCAPABLE OF SELF-SUPPORT**
40 **BECAUSE OF MENTAL OR PHYSICAL DISABILITY;**
41

42 **2) A PARENT OR BOTH PARENTS, LIVING WITH THE TAXPAYER,**
43 **NOT GAINFULLY EMPLOYED AND DEPENDENT UPON THE**
44 **LATTER FOR CHIEF SUPPORT, OR WHERE SUCH PARENTS**
45 **ARE INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR**
46 **PHYSICAL DISABILITY OR OLD AGE.**
47

48 **(B). THE TERM 'DISABLED PERSON' REFERS TO A PERSON**
49 **SUFFERING FROM RESTRICTION OR DIFFERENT ABILITIES AS**
50 **A RESULT OF MENTAL, PHYSICAL OR SENSORY IMPAIRMENT,**
51 **TO PERFORM AN ACTIVITY IN THE MANNER OR WITHIN THE**
RANGE CONSIDERED NORMAL FOR A HUMAN BEING.

1
2 "XXX"
3

4 **SEC. 2. Penalty.-** Notwithstanding the penalty provided for in Section 267 of the National
5 Internal Revenue Code of 1997, as amended, any person who willfully violates the preceding
6 section by declaring fictitious dependents shall, upon conviction, be liable for the payment of
7 a fine equivalent to thrice the amount of tax, interest and surcharges due from the taxpayer.
8

9 **SEC. 3. Implementing Rules and Regulations.-** Within thirty (30) days upon the approval
10 of this Act, the Department of Finance, in coordination with the Bureau of Internal Revenue
11 and the Department of Social Welfare and Development, shall issue the necessary
12 implementing rules and regulations for the effective implementation of this Act
13

14 **SEC. 4. Separability Clause.-** If any provision or part hereof is subsequently declared
15 invalid or unconstitutional, other provisions hereof which are not affected hereby shall
16 remain in full force and effect.
17

18 **SEC. 5. Repealing Clause. -** All laws, acts, presidential decrees, executive orders,
19 issuances, presidential proclamations, rules and regulations or parts thereof which are
20 contrary to or inconsistent with any provision of this Act are hereby repealed, amended or
21 modified accordingly.
22

23 **SEC. 6. Effectivity Clause. -** This Act shall take effect fifteen (15) days after its publication
24 either in the Official Gazette, or in at least two (2) newspapers of general circulation

Approved.

FACT SHEET

HOUSE BILL NO. 5431

(Substitute to House Bill No. 3765, 4026, 4793 and 5100)

AN ACT GRANTING ADDITIONAL EXEMPTION TO AN INDIVIDUAL TAXPAYER BY AMENDING SECTION 35(B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 9504

*Introduced by REPS. Deogracias B. Ramos Jr., Marilyn Primicias-
Agabas, Hermilando I. Mandanas, Diosdado Macapagal Arroyo, Gloria Macapagal
Arroyo, Giorgidi B. Aggabao, Jesus Crispin Remulla, Andres D. Salvacion, Jr.,
Fatima Aliah Q. Dimaporo, Philip A. Pichay and Jerry Trenas*

*Referred to the Committee on Ways and Means
Committee Chairperson: Hon. HERMILANDO I. MANDANAS*

OBJECTIVE:

- To ease the financial burden of individual taxpayer.

KEY PROVISIONS:

- Seeks to amend Section 35 (B) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 9504;
- Removes the limitation on the number of allowable dependents; disability.
- Includes legitimated children and parent/s in the definition of dependents;
- Allows a legal guardian to a person with mental and physical disability to claim additional exemption;
- Allows an additional exemption of Fifty Thousand Pesos (P50,000) for each dependent child with disability regardless of age;
- Allows an additional exemption of Fifty Thousand Pesos (P50,000) for each dependent parent with disability.

RELATED LAWS:

- Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended.
- Republic Act No. 9504 entitled An Act Amending Sections 22, 24, 34, 35, 51 and 79 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended.