

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 589



Introduced by: **HON. JOSE CHRISTOPHER Y. BELMONTE**

EXPLANATORY NOTE

The bill entitled, "AN ACT GRANTING ADDITIONAL EXCLUSION TO THE GROSS TAXABLE INCOME OF EMPLOYEES OF PUBLIC AND PRIVATE ENTITIES AMENDING FOR THE PURPOSE SUB-PARAGRAPH (e), PARAGRAPH 7, SUB-SECTION (B), SECTION 32, CHAPTER VII OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES" aims to benefit a number of our employees from both the public and private sectors by excluding from the computation of gross taxable income those benefits received by workers by way of 13th month pay and bonuses from collective bargaining or negotiation agreements *not* exceeding Php50,000.00.

Considering its magnanimous intent, this bill will definitely help a great number of our employees, who belong to lower-income brackets who suffer much from the brunt of taxation.

For these reasons, the approval of the proposed bill is sincerely requested.

A handwritten signature in cursive script, reading "Jose Belmonte".

JOSE CHRISTOPHER Y. BELMONTE

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AN ACT GRANTING ADDITIONAL EXCLUSION TO THE GROSS TAXABLE INCOME OF EMPLOYEES OF PUBLIC AND PRIVATE ENTITIES AMENDING FOR THE PURPOSE SUB-PARAGRAPH (e), PARAGRAPH 7, SUB-SECTION (B), SECTION 32, CHAPTER VII OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

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

SECTION 1. Amendatory Clause. - The National Internal Revenue Code of 1997, as amended, is hereby further amended, specifically Sub-paragraph (e), Paragraph 7, Sub-section (B), Section 32, Chapter VII, to read as follows:

(e) *13th Month Pay and Other Benefits.* - Gross benefits received by officials and employees of public and private entities: *Provided, That the 13th Month Pay, regardless of amount, received by the employee from his employer shall be excluded in full from the Gross Taxable Income. Provided, further, That additional bonuses, benefits, and other emoluments not exceeding Fifty Thousand Pesos (PhP 50,000) received by the employee from his employer voluntarily or as a result of collective bargaining agreements or as mandated by existing laws, decrees, or orders, such as those enumerated hereunder, shall also be excluded from the Gross Taxable Income.*

(i) Benefits received by officials and employees of the national and local government pursuant to Republic Act No. 6686;

(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986; and

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2 (iii) Benefits received by officials and employees not covered
3 by Presidential decree No. 851, as amended by
4 Memorandum Order No. 28, dated August 13, 1986.
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7 **SECTION 2. Coverage.** - This Act shall cover all employees earning compensation
8 income except those with a rank of Assistant Vice-President and up in the private
9 sector, Assistant Secretaries or their equivalent salary grade and rank and up in the
10 public sector, and elective officials of highly urbanized cities from Councilor up to
11 the Mayor, Members of the House of Representatives, Senators, the Vice-President
12 and the President . *Provided, That the Councilor, as provided herein, shall include*
13 *Ex-Officio* members who sits in the *Sangguniang Bayan* pursuant to the Local
14 Government Code of 1991. *Provided, further, That for purposes of this Act,*
15 *compensation income shall exclude benefits, privileges, and other emoluments given*
16 *by public or private employers either voluntarily or as a result of collective*
17 *bargaining agreements or as mandated by existing laws, decrees or orders.*
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19 **SECTION 3. Amendment of Existing Rules and Regulations.** - Within six (6) months
20 following the effectivity of this Act, the Bureau of Internal Revenue through the
21 Commissioner or his agents, is hereby mandated to issue the necessary amendment
22 in the Implementing Rules and Regulations of the National Internal Revenue Code
23 of 1997, as amended, to effect the provisions of the two (2) preceding sections.
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25 **SECTION 4. Repealing Clause.** - All Acts, Decrees or Orders inconsistent with the
26 provisions of this Act are hereby repealed or modified accordingly.
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28 **SECTION 5. Effectivity.** - This Act shall take effect after fifteen (15) days following its
29 publication in a newspaper of general circulation in the Philippines.
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31 Approved.
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