

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 2660



Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

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

EXPLANATORY NOTE

The proposed measure seeks to ease the financial burden of individual taxpayers
by:

- 1) Removing the limitation on the number of allowable dependents and including an additional exemption for those who have dependents with disability;
- 2) Including legitimated children and parent/s in the definition of dependents;
- 3) Allowing a legal guardian to a person with mental and physical disability to claim additional exemption;
- 4) Allowing an additional exemption of Fifty Thousand Pesos (P50,000.00) for each dependent child with disability regardless of age; and
- 5) Allowing an additional exemption of Fifty Thousand Pesos (P50,000.00) for each dependent parent with disability.

It is the hope of the authors that the additional exemptions proposed under the bill will be a welcome respite for the unheralded working class who provides the much-needed revenues for the government.

We therefore urge our colleagues to ensure the immediate passage of this bill.



DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur



GLORIA MACAPAGAL ARROYO
Second District, Pampanga

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NO. 9504

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

SECTION 1. 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, is hereby further amended to read as follows:

"SEC. 35. *Allowance of Personal Exemption for Individual Taxpayer.* –

(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 amounting to Fifty Thousand Pesos (P50,000.00) for each individual taxpayer.

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

(B) Additional Exemption for Dependents. – There shall be allowed an individual exemption of Twenty Five Thousand Pesos (P25,000.00) for

each dependent **WITHOUT DISABILITY** [not exceeding four (4).] **AND FIFTY THOUSAND PESOS (P50,000.00) FOR EACH DEPENDENT WITH DISABILITY.**

The additional exemption for dependents **REFERRED HEREIN** shall be claimed by only one of the spouses in 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 children[.].

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

[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 Subsection, a "dependent" means a legitimate, illegitimate, or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than 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 or physical defect.]

FOR PURPOSES OF THIS SUBSECTION:

(A) THE TERM "DEPENDENT" REFERS TO:

- 1) A LEGITIMATE, LEGITIMATED, ILLEGITIMATE OR LEGALLY ADOPTED CHILD CHIEFLY DEPENDENT UPON AND LIVING WITH THE TAXPAYER IF SUCH DEPENDENT IS NOT MORE THAN 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 OR PHYSICAL DISABILITY;
- 2) A PARENT OR BOTH PARENTS, LIVING WITH THE TAXPAYER, NOT GAINFULLY EMPLOYED AND DEPENDENT UPON THE LATTER FOR CHIEF SUPPORT, OR WHERE SUCH PARENTS ARE INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR PHYSICAL DISABILITY OR OLD AGE.

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

"XXX"

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

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

SECTION 4. *Separability Clause.* – If any provision or part hereof is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected hereby shall remain in full force and effect.

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

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

Approved,