

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3177

Introduced by: Hon. Angelina "Helen" D.L. Tan, M.D.

EXPLANATORY NOTE

Article XV, Section 1 of the Constitution states that: "The State recognizes the Filipino family as the foundation of the nation. Accordingly, it shall strengthen its solidarity and actively promote its total development."

Consistent with the aforesaid provision, this measure seeks to harmonize the Tax Code provision with the Family Code of the Philippines, as amended by Republic Act No. 9858 by including the category of legitimated children in the enumeration of qualified dependent children. Although Article 179 of the Family Code already provides that legitimated children shall enjoy the same rights as legitimate children, the proposal aims to explicitly specify the same under Section 35 of the Tax Code.

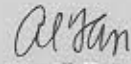
Moreover, in light of Article XV, Section 4 of the Constitution which states that: "The family has the duty to care for its elderly members but the State may also do so through just programs of social security," this bill proposes to expand the coverage of qualified dependents to include parents or both parents with the following conditions:

- (1) the parent or parents should not be gainfully employed; they should be living with the taxpayer; and chiefly dependent upon the taxpayer for support; or
- (2) such parent or parents are incapable of self-support because of mental or physical disability.

This proposal aims to alleviate the financial burden of individual taxpayers who support their parents by allowing them to claim their parents as additional dependents. This would consequently promote the Filipino value of taking care of the elderly.

Ultimately, it proposes that taxpayers who act as legal guardian of a person with mental or physical disability, regardless of age and incapable of self-support, 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. It is a fact that the cost of taking care of a person with physical or mental disability is more than the expenses of rearing a healthy one.

In view thereof, the passage of this measure that will certainly alleviate the plight of many families is sincerely sought.


ANGELINA "HELEN" D.L. TAN, M.D.
4th District, Quezon



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AN ACT
PROVIDING ADDITIONAL BENEFITS TO FAMILIES WITH DEPENDENTS, SUPPORTING
AGING PARENTS AND PERSONS WITH DISABILITIES AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. - This Act shall be known as the "Family Care Act of 2013".

SEC. 2. Declaration of Policy and Objectives. - The State recognizes the Filipino family as the foundation of the nation. Accordingly, it shall strengthen its solidarity and actively promote its total development.

Further, the Constitution declares that the family has the duty to take care of its elderly members but the State may also do so through just programs of social security.

Towards this end, Congress shall give highest priority to the enactment of measures that will alleviate the financial condition of individuals who are taking care of their aging parents and those who act as legal guardians to persons with mental or physical disability.

SEC. 3. Additional Tax Benefits. - In addition to the benefits granted under existing laws, 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) 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 additional exemption of Twenty-five thousand pesos (25,000) 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 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 Subsection, THE TERM [a] "dependent/S" SHALL mean[s a];

"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, NOT GAINFULLY EMPLOYED, LIVING WITH THE TAXPAYER, AND CHIEFLY DEPENDENT UPON THE LATTER FOR SUPPORT; OR WHERE SUCH PARENTS ARE INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR PHYSICAL DISABILITY.

"AN INDIVIDUAL TAXPAYER WHO ACTS AS LEGAL GUARDIAN TO A PERSON WITH MENTAL OR PHYSICAL DISABILITY, REGARDLESS OF AGE AND INCAPABLE OF SELF-SUPPORT, 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.

"xxx."

SEC. 4. 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.

Any government official or employee who knowingly and willfully conspire or collude with any taxpayer by issuing any false certification, or those who do or fail to do any act with intent to enable any taxpayer to violate this Act shall be punished with a fine of not less than Fifty thousand pesos (P50,000) but not more than One hundred thousand pesos (P100,000) and imprisonment of not less than one (1) year but not more than five (5) years and perpetual disqualification to hold public office. He shall also lose all the benefits due him as a result of his service in the government, including the forfeiture of his separation and retirement benefits.

SEC. 5. Implementing Rules and Regulations. - 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 within thirty (30) days upon the approval of this Act.

SEC. 6. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 7. Repealing Clause. - All laws, decrees, rules and regulations inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 8. Effectivity. - This Act shall take effect fifteen (15) days following its publication in at least (2) newspapers of general circulation or the Official Gazette.

Approved,