

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

H. B. No. **3245**



Introduced by HONORABLE BELLAFLOR J. ANGARA-CASTILLO

EXPLANATORY NOTE

Laborers are important to our economy, for they are its backbone. However, they experience economic woes due to taxation of their benefits, resulting in lower income which makes purchasing things for them and their families harder. Such burden should not be imposed upon our laborers. As such, we need to make sure that our working people have the means to improve their lives. Removing of taxability of benefits is one measure that will go a long way in alleviating their plight.

By also raising the exemptions allowed to estates, we also encourage the public to settle estates so as to properly determine what assets were owned by the deceased and place a value on their assets, transfer the assets to the correct people or institutions, and pay any taxes that may be due.

For these reasons, I urge my colleagues to consider the immediate passage of this bill.


BELLAFLOR J. ANGARA-CASTILLO
Representative
Lone District, Province of Aurora

H. B. No. 3245

Introduced by HONORABLE BELLAFLOR J. ANGARA-CASTILLO

AN ACT PROVIDING FOR ADDITIONAL EXEMPTIONS TO THE
TAXABLE GROSS INCOME OF EMPLOYEES OF PUBLIC AND PRIVATE
ENTITIES AND OF ESTATES AND TRUSTS, AMENDING FOR THE
PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

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

SECTION 1. Subparagraph (e), paragraph (7), Subsection (B) of Section 33 of the
National Internal Revenue Code of 1997, as amended, is hereby further amended to
read as follows:

"(e) 13th Month Pay and Other Benefits. – Gross Benefits received by officials
and employees of public and private employees of public and private entities:
PROVIDED, THAT THE 13TH MONTH PAY, REGARDLESS OF THE
AMOUNT, SHALL BE EXCLUDED IN FULL FROM THE GROSS INCOME;
PROVIDED, FURTHER, THAT OTHER ADDITIONAL BONUSES,
BENEFITS, AND OTHER EMOLUMENTS RECEIVED BY THE EMPLOYEE
FROM THE EMPLOYER VOLUNTARILY OR AS A RESULT OF
COLLECTIVE BARGAINING AGREEMENTS OR COLLECTED
NEGOTIATING AGREEMENTS, OR AS MANDATED BY EXISTING LAWS,
DECREES, OR ORDERS SHALL NOT EXCEED FIFTY THOUSAND PESOS
(₱50,000); PROVIDED, ALSO, THAT THE CEILING OF FIFTY THOUSAND
PESOS (₱50,000) MAY BE INCREASED THROUGH RULES AND
REGULATIONS ISSUED BY THE SECRETARY OF FINANCE, UPON
RECOMMENDATION OF THE COMMISSIONER, AFTER CONSIDERING,
AMONG OTHERS THE EFFECT ON THE SAME OF THE INFLATION RATE
AT THE END OF THE TAXABLE YEAR, WHICH SHALL COVER:"

- "(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"
- "(iii) Benefits received by officials and employees not pursuant to
Presidential Decree No. 851, as amended by Memorandum Order
No. 28, dated August 13, 1986."

SEC. 2. Section 62 of the same Act is hereby amended to read as follows:

1 **"SEC. 32. Exemption Allowed to Estates and Trust.** - For the purpose of
2 the tax provided for in this Title, there shall be allowed an exemption of **FIFTY**
3 **THOUSAND PESOS (P50,000)** from the income of the estate or trust."
4

5 **SEC. 3. Rules and Regulations.** - Within thirty (30) days from the effectivity of
6 this law, the Secretary of Finance shall, upon the recommendation of the Commissioner
7 of Internal Revenue, promulgate and publish the necessary rules and regulations for the
8 effective implementation of this Act.
9

10 **SEC. 4. Repealing Clause.** - All laws or parts thereof, decrees, orders, rules and
11 regulations deemed inconsistent with the provisions of this Act are hereby repealed or
12 modified accordingly.
13

14 **SEC. 5. Separability Clause.** - If any provision of this Act is declared
15 unconstitutional or invalid, the other provisions not affected thereby shall remain in full
16 force and effect.
17

18 **SEC. 6. Effectivity Clause.** - This Act shall take effect immediately following its
19 complete and full publication in the Official Gazette or in a newspaper of general
20 circulation.
21

22 Approved,