

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

3459
HOUSE BILL No. _____



Introduced by BAYAN MUNA
Reps. NERI J. COLMENARES and CARLOS ISAGANI T. ZARATE

AN ACT
AMENDING SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL
REVENUE CODE OF THE PHILIPPINES (R.A. 8424) THEREBY INCREASING THE
CEILING OF CHRISTMAS BONUS AND OTHER BENEFITS FROM TAXATION.

EXPLANATORY NOTE

Salaries of most of the public and private employees are generally low comparable to the cost of living standards set by the government in the country. A report of the National Statistics Coordination Board (NSCB) pointed out that in 2012:

"a Filipino family of five needed P 5,458 to meet basic food needs every month and Php 7,821 to stay above the poverty threshold (basic food and non-food needs) every month. xxx The food threshold is the minimum income required by an individual to meet his/her basic food needs and satisfy the nutritional requirements set by the Food and Nutrition Research Institute (FNRI), while remaining economically and socially productive. Put another way, the food threshold helps measure food poverty or "subsistence," which may also be described as extreme poverty."

The National Wages and Productivity Commission website shows that the highest minimum wage in NCR as of October 2013 is P466.00. However, the NCR Family Living Wage (FLW) which, according to independent think-tank IBON Foundation in its May 2013 study, is already pegged at P1,034 – not even half of the government set daily wage.

Wages lag way behind the FLW because the law only allows one wage increase per year while the prices of basic commodities from gasoline to food have been shooting up to heights more and more Filipinos are not able to cope with. Regions also vary because of so-called differing conditions of living so that wages are set by Regional Wage Boards. In 2010, the Social Weather Station (SWS) March survey found 43% or an estimated 8.1 million families rating themselves as "mahirap". But in the Third Quarter 2013 Social Weather Survey, the number of families who consider themselves as *Mahirap* or Poor increased to 50% or an estimated 10.8 million families.

This bill seeks to provide Filipinos reprieve from the worsening economic condition in the country given the labor laws that still need to be reformed to really address the real economic condition of our workers and employees in the country, more than the business companies. It seeks to amend the National Internal Revenue Code of the Philippines (RA 8424) to INCREASE THE CEILING of Christmas bonus and other benefits from taxation.

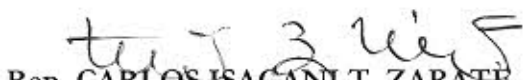
Bonuses and other additional benefits during Christmas come only once a year, and in a time when prices increase as tradition dictates to bring more food than usual on the table to celebrate the season. It would mean a lot to the minimum wage earners to be relieved from additional tax burdens for their Christmas bonuses and other benefits. For the government employees, the government might as well give them the full benefit of their bonuses as Christmas gift from the government.

The passage of the bill is earnestly sought.

Approved,



Rep. NERI J. COLMENARES
Bayan Muna Party-list



Rep. CARLOS ISAGANI T. ZARATE
Bayan Muna Party-list

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 3459

Introduced by BAYAN MUNA
Reps. NERI J. COLMENARES and CARLOS ISAGANI T. ZARATE

AN ACT
AMENDING SECTION 32 (B), CHAPTER VI OF THE NATIONAL INTERNAL
REVENUE CODE OF THE PHILIPPINES (R.A. 8424) THEREBY INCREASING THE
CEILING OF CHRISTMAS BONUS AND OTHER BENEFITS FROM TAXATION.

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

Section 1. Section 32 (B), Chapter VI of the National Internal Revenue Code of the Philippines (RA No. 8424) is hereby amended as follows:

SEC. 32. Gross Income. –

XXX

(B) Exclusions from Gross Income. - The following items shall not be included in gross income and shall be exempt from taxation under this title:

XXX

(e) 13th Month Pay and Other Benefits. - Gross benefits received by officials and employees of public and private entities: *Provided, however,* That the total exclusion under this subparagraph shall not exceed [Thirty thousand pesos (P30,000)] **FIFTY THOUSAND PESOS (P50,000)** 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;

(iii) Benefits received by officials and employees not covered by Presidential decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986.; and

(iv) Other benefits such as productivity incentives and Christmas bonus *Provided, further,* That the ceiling of [Thirty thousand pesos (P30,000)] **FIFTY THOUSAND PESOS (P50,000)** 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.

Section 2. *Repealing Clause.* – All laws, decrees, resolutions, orders or ordinances or parts thereof inconsistent with this Act., are hereby repealed, amended or modified accordingly.

Section 3. *Effectivity.* – This law shall take effect after fifteen (15) days following its publication for two (2) consecutive weeks in the newspaper of general circulation in the Philippines.

Approved.