

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Sixteenth Congress
Second Regular Session

HOUSE BILL NO. 4880



Introduced by Representative ROMAN T. ROMULO

Explanatory Note

This bill seeks to amend Section 24 of the National Internal Revenue Code of 1997, as amended, by adjusting the individual income tax brackets and reducing the rates of individual income tax beginning January 1, 2016.

The legislative measure is in line with the commitment of the country to the 10- member ASEAN Economic Community (AEC) Blueprint that seeks to transform ASEAN into a single market and production base by December 2015.

While the ASEAN Blueprint does not mandate member countries to amend their income tax schedules, it is highly expected that human capital would flow to where it could earn best. Next to Thailand and Vietnam, the Philippines has the highest tax rate at 32-percent. When the AEC Declaration was signed in 2007, some member-states began to lower their corporate and individual income tax rates, with further reductions in the subsequent years.

In order for the Philippines to attract human capital and to prevent the migration of our own, it is imperative that we reduce the existing income tax rates while maintaining the progressive system of income taxation, as mandated by the 1987 Philippine Constitution.

The current individual income tax bracket has been unchanged since 1997 until today when the consumer price index (CPI) has almost doubled already. In order to buffer the revenue impact of the individual income bracket adjustments and the reduction of individual income tax rates, this bill spreads the reduction over a period of two (2) years.

In view of the foregoing, immediate approval of this bill is earnestly sought.

REP. ROMAN T. ROMULO

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AN ACT
AMENDING SECTION 24 OF THE NATIONAL INTERNAL REVENUE CODE
OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 24(A)(2) of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3 “Sec. 24. Income Tax Rates. –

4 “(A) Rates of Income Tax on Individual Citizen and Individual Resident
5 Alien of the Philippines. –

6 (2) Rates of Tax on Taxable Income of Individuals. – The tax shall
7 be computed in accordance with and at the rates established in the
8 following schedule:

“Taxable Income	Beginning January 1, 2016	Beginning January 1, 2017
“P20,000 but not over P70,000	13%	10%
“Over P70,000 but not over P200,000	P9,100 + 18% of the excess over P70,000	P7,000 + 15% of the excess over P70,000
“Over P200,000 but not over P500,000	P32,500 + 23% of the excess over P200,000	P26,500 + 20% of the excess over P200,000
“Over P500,000 but not over P800,000	P101,500 + 25% of the excess over P500,000	P86,500 + 22% of the excess over P500,000
“Over 800,000 but not over P1,200,000	P176,500 + 28% of the excess over P800,000	P152,500 + 25% of the excess over P800,000
“Over P1,200,000	P288,500 + 30% of the excess over P1,200,000	P252,500 + 28% of the excess over P1,200,000”

1 “[Not over ₱10,000 5%

2 "Over ₱10,000 but not over ₱500 + 10% of the excess

3 ₱30,000 over ₱10,000

4 "Over P30,000 but not over P2,500 + 15% of the excess

5 ₱70,000 over ₱30,000

6 "Over ₱70,000 but not over ₱8,500 + 20% of the excess

7 ₱140,000 over ₱70,000

8 "Over ₱140,000 but not over ₱22,500 + 25% of the excess

9 ₱250,000 over ₱140,000

10 “Over ₱250,000 but not over ₱50,000 + 30% of the excess

11 P500,000 over P250,000

12 “Over ₱500,000..... ₱125,000 + 32% of the excess

13 over P500,000]"

14 “xxx

15 “xxx.

SEC. 2. Implementing Rules and Regulations. - The Secretary of Finance shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 3. Repealing Clause. - All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 4. 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. 5. Effectivity. - This Act shall take effect on January 1, 2016 following its publication in at least two (2) newspapers of general circulation.

27 *Approved.*