



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **4974**

Introduced by Honorable **MARK A. VILLAR**

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

EXPLANATORY NOTE

Filipinos have been assessed income taxes on their individual taxable earnings way too high than what most of their Asian counterparts have been paying.

In a report, an analysis of tax policies in the ASEAN suggests that the Philippines has the second highest average tax rate (after Vietnam and Thailand). On the other hand, Singapore has the lowest marginal tax rate at both ends of its tax bracket spectrum, at 20% for the wealthiest and 2% for the lowest qualifying income tax payers. (Compare this with 32% and 5% for the Philippines.)¹

More importantly, the steady rise of prices of goods and services makes it hard for Filipinos to meet the demands of daily living. The rise in commodity prices has clearly weakened the purchasing power of our people's hard-earned money.

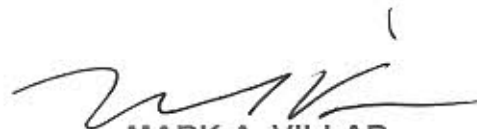
Income-earning Filipinos not only have to contend with the weakening effects of inflation but also with the huge tax in their salaries.

¹<http://www.rappler.com/thought-leaders/65114-filipino-middle-class-over-taxed>

To ease the tax burden of our Filipino workers, and for our country to be at par with regional standards and to "make the Philippine workforce more competitive with its neighbors," 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.

After more than a decade without an amendment to the individual income tax, this is an opportune time to pass a law reducing the said taxes.

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



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

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

"Sec. 24. Income Tax Rates.—

"(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines.—

(2) Rates of Tax on Taxable Income of Individuals, - The tax shall be computed in accordance with and at the rates established in the following schedule:

Taxable Income	Beginning January 1, 2015	Beginning January 1, 2016	Beginning January 1, 2017
P20,000 but not over P70,000	15%	13%	10%
Over P70,000 but not over P200,000	P10,500 + 20% of the excess over P70,000	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	P36,500 + 25% of the excess over P200,000	P32,500 + 23% of the excess over P200,000	P26,500 + 20% of the excess over P200,000
Over P500,000 but not over P1,000,000	P111,500 + 30% of the excess over P500,000	P101,500 + 25% of the excess over P500,000	P86,500 + 22% of the excess over P500,000
Over P1,000,000	P261,500 + 32% of the excess over P1,000,000	P226,500 + 28% of the excess over P1,000,000	P196,500 + 25% of the excess over P1,000,000

[Not over P10,000.....

5%

Over P10,000 but not over P30,000.....

P500+10% of the excess over P10,000

Over P30,000 but not over P70,000.....

P2,500+15% of the excess over P30,000

Over P70,000 but not over P140,000...

P8,500+20% of the excess over P70,000

Over P140,000 but not over P250,000..

P22,500+25% of the excess over P140,000

Over P250,000 but not over P500,000.

P50,000+30% of the excess over P250,000

Over P500,000

P125,000+34% of the excess over P500,000 in 1998.]

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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 1,2015 following its publication in at least two (2) newspapers of general circulation.

Approved,