

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

Sixteenth Congress

Second Regular Session

House Bill No. **5020**



Introduced by Honorable Mar-Len Abigail S. Binay

EXPLANATORY NOTE

Section 1, Article XV of our 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. Corollarily, Section 4, Article XV 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."

In pursuit of the foregoing constitutional policies, this bill proposes to remove the limitation on the number of qualified dependents that a taxpayer may claim for tax deduction. At present, a maximum of only four (4) qualified dependent may be claimed by qualified taxpayers as additional exemption at ₱ 25,000 per capital.

Furthermore, this bill likewise seeks to expand the coverage of qualified dependents to include the following:

- (1) Parents or both parents with the following conditions:
 - (a) the parent or parents should not be gainfully employed, they should be living with the taxpayer, and dependent upon the taxpayer for chief support; or
 - (b) such parent or parents are incapable of self-support because of mental or physical disability.
- (2) Taxpayers who act as legal guardian of a person with mental or physical disability, regardless of age and incapable of self-support, provided that only the legal guardian can avail of the additional exemption for a particular taxable year to the exclusion of the biological parents.

The passage of this bill is earnestly sought since it will address the inequalities and biases against large families; champion the cause of the mentally and physically challenged and those who take care of them; and support taxpayers who have unselfishly taken the cudgels of caring for dependent parents.

Premises considered, the passage of this measure that will certainly alleviate the plight of many families is sincerely sought.


MAR-LEN ABIGAIL S. BINAY

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

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

1 **SECTION 1. SHORT TITLE.** - This Act shall be known as the “Family Care Act of
2 2014”.

3
4 **SEC. 2. DECLARATION OF POLICY AND OBJECTIVES.** - The State recognizes the
5 Filipino family as the foundation of the nation. Accordingly, it shall strengthen its solidarity
6 and actively promote its total development.

7
8 Further, the Constitution declares that the family has the duty to take care of its elderly
9 members but the State may also do so through just programs of social security.

10
11 Towards this end, Congress shall give highest priority to the enactment of measures that
12 will grant reprieves, and reduce social and economic inequalities by alleviating the financial
13 conditions of every family especially those with more children; individuals caring for aging pare
14 parents, and those who act as legal guardians to persons with mental or physical disability.

15
16 **SEC. 3. ADDITIONAL TAX BENEFITS.** - In addition to the benefits granted under
17 existing laws, Section 35(B) of Republic Act No. 8424, otherwise known as the National
18 Internal Revenue Code of 1997, as amended by Republic Act No. 9504, is hereby further
19 amended, to read as follows:

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21

1 “SEC. 35. *Allowance of Personal Exemption for Individual Taxpayer.* –

2 “(A) In General. – For purposes of determining the tax provided in
3 Section 24(A) of this Title, there shall be allowed a basic personal exemption
4 amounting to Fifty thousand pesos (P50,000) for each individual taxpayer.

5 “In the case of married individuals where only one of the spouses is
6 deriving gross income, only such spouse shall be allowed the personal
7 exemption.

8 “(B) *Additional Exemption for Dependents.* – There shall be allowed an
9 additional exemption of Twenty-five thousand pesos (P25,000) for each
10 dependent [not exceeding four (4)].

11 “For purposes of this Subsection, THE TERM [a] “dependent/S” SHALL
12 mean[s a]:

13 “1) ONE OR MORE UNMARRIED legitimate, LEGITIMATED,
14 illegitimate or legally adopted child NOT MORE THAN TWENTY-ONE (21)
15 YEARS OF AGE, [chiefly dependent upon and] living with the taxpayer, [if such
16 dependent is not more than twenty-one (21) years of age, unmarried and] not
17 gainfully employed, [or if such dependent] AND DEPENDENT UPON THE
18 LATTER FOR CHIEF SUPPORT; OR WHERE SUCH CHILD, regardless of
19 age, is incapable of self-support because of mental or physical [defect]
20 DISABILITY.

21 “The additional exemption for dependents REFERRED HEREIN shall be
22 claimed by only one of the spouses in the case of married individuals.

23 “In the case of legally separated spouse, additional exemptions may be
24 claimed only by the spouse who has custody of the child or children[: *Provided*,
25 that the total amount of additional exemption that may be claimed by both shall
26 not exceed the maximum additional exemptions herein allowed].

27 “2) A PARENT OR BOTH PARENTS, NOT GAINFULLY EMPLOYED,
28 LIVING WITH THE TAXPAYER, AND DEPENDENT UPON THE LATTER
29 FOR CHIEF SUPPORT; OR WHERE SUCH PARENT ARE INCAPABLE OF
30 SELF-SUPPORT BECAUSE OF MENTAL OR PHYSICAL DISABILITY.

31 “AN INDIVIDUAL TAXPAYER WHO ACTS AS LEGAL GUARDIAN
32 TO A PERSON WITH MENTAL OR PHYSICAL DISABILITY, REGARDLESS
33 OF AGE AND INCAPABLE OF SELF-SUPPORT, MAY CLAIM THE
34 ADDITIONAL EXEMPTION FOR THE SAID DEPENDENT: *PROVIDED*,
35 THAT ONLY THE LEGAL GUARDIAN CAN AVAIL OF THE ADDITIONAL
36 EXEMPTION FOR A PARTICULAR TAXABLE YEAR TO THE EXCLUSION
37 OF THE BIOLOGICAL PARENTS.

38 “xxx.”

1
2 **SEC. 4. *PENALTY.*** – Notwithstanding the penalty provided for in Section 267 of the
3 National Internal Revenue Code of 1997, as amended, any person who willfully, violates the
4 preceding section by declaring fictitious dependents shall, upon conviction, be liable for the
5 payment of a fine equivalent to thrice the amount of tax, interest and surcharges due from the
6 taxpayer.

7
8 Any government official or employee who knowingly and willfully conspire or collude
9 with any taxpayer by issuing any false certification, or those who do or fail to do any act with
10 intent to enable any taxpayer to violate this Act shall be punished with a fine of not less than
11 Fifty thousand pesos (P50,000) but not more than One Hundred Thousand Pesos (P100,000) and
12 imprisonment of not less one (1) year but not more than five (5) years and perpetual
13 disqualification to hold public office. He shall also lose all the benefits due him as a result of
14 his service in the government, including the forfeiture of his separation and retirement benefits.

15
16 **SEC. 5. *IMPLEMENTING RULES AND REGULATIONS.*** - The Department of
17 Finance in coordination with the Bureau of Internal Revenue, and the Department of Social
18 Welfare Development shall issue the necessary implementing rules and regulations within thirty
19 (30) days upon the approval of this Act.

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21 **SEC. 6. *SEPARABILITY CLAUSE.*** – If any provision of this Act is declared
22 unconstitutional or invalid, other part or provisions hereof not affected thereby shall continue to
23 be in full force and effect.

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25 **SEC. 7. *SEPARABILITY CLAUSE.*** - If any provision of this Act is declared
26 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to
27 be in full force and effect.

28
29 **SEC. 12. *REPEALING CLAUSE.*** – All laws, decrees, rules and regulations
30 inconsistent with the provision of this Act are hereby repealed, amended or modified
31 accordingly.

32
33 **SEC. 13. *EFFECTIVITY.*** – This Act shall take effect fifteen (15) days following its
34 publication in at least two (2) newspapers of general circulation or the *Official Gazette*.

35
36 **Approved,**