

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SIXTEENTH CONGRESS**  
Second Regular Session

House Bill No. 5400



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Introduced by REPRESENTATIVE MA. VICTORIA R. SY-ALVARADO and  
REPRESENTATIVE JULIETA R. CORTUNA

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**Explanatory Note**

The power of taxation is sometimes called also the power to destroy. Therefore it should be exercised with caution to minimize injury to the proprietary rights of a taxpayer. It must be exercised fairly, equally and uniformly, lest the tax collector kill the "hen that lays the golden egg". And, in order to maintain the general public's trust and confidence in the Government this power must be used justly and not treacherously. It does not conform with Our sense of justice in the instant case for the Government to persuade the taxpayer to lend it a helping hand and later on to penalize him for duly answering the urgent call. (*Antonio Roxas, et al. v. Court of Tax Appeals and Commissioner of Internal Revenue*, G.R. No. L-25043, April 26, 1968)

In cases of extreme and severe suffering of the people, there is a need to balance the government's primordial need for funds (i.e. tax money) and the people's right to life, liberty, and property. The Philippines has suffered a lot from natural calamities - - those we encountered in recent memory grew ever stronger and more destructive due to climate change and extreme weather patterns. Unavoidable and inevitable due to the location of the country, it still pains our people with the brunt of destruction and widespread loss of life and possession.

Thus, it is imperative that the government lends a helping hand, especially those who are most vulnerable to these disasters. Under this Act, individual citizens of the Philippines who are earning purely from compensation income are entitled to an Income Tax Relief for the year they lose their homes and property due to the destructive forces of nature. Earning purely compensation income, this class of individuals are currently not spared from the burden of their loss as they cannot claim any deduction or any relief whatsoever despite the occurrence of such total loss of their belongings.

On the part of the State, there should be recognition of their plight and need. We must be ready to uplift them in the speediest manner. The benefits of granting these people tax relief is most apparent - - these are productive citizens who pays religiously their income taxes, and the sooner we can put their lives in order again, the sooner it is that the State can expect them to partake in the paying forward the help they receive in the form of their return to productivity in work and their civic duty of paying taxes.

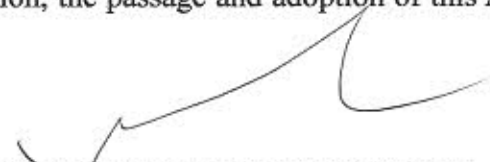
It is a common Filipino virtue that we do not fight someone who is already down. In truth, our *Bayanihan* spirit compels us to help these people get right back up. In the same vein, the government must be compelled to do its part to help people get back right to their feet. A one-year income tax relief to those who lose all of their belongings is sought by this Act to be the right stimulus by putting money in their pockets enabling them to recover the fastest way they may see fit.

In recognition that taxes are the lifeblood of the government, however, this Act mandates that the foregoing income tax relief can only be claimed by an individual or his household once every twenty years.

The Bureau of Internal Revenue (BIR) is mandated under this Act as the lead agency to implement the same. This comes with a directive that the objective of the Act is to put money of the people's pocket in order for them to use it towards their recovery, thus, it has only thirty (30) days to act on individual claims. Likewise, the BIR must ensure that no instances of fraud may creep into the proposed system, as such, only the primary residence as recorded in the BIR for three (3) next preceding years are allowed to covered by this Act.

Through this measure, those who have lost everything may find hope again, especially in knowing that their government will never abandon them. They will maintain the dignity of their lives since the relief is not a dole out and the money they get to keep is the product of their hard work and perseverance. Yet, at the same time, they are able to recover faster despite the total loss of their property.

With the foregoing justification and explanation, the passage and adoption of this Act is most earnestly sought.



**MA. VICTORIA R. SY-ALVARADO**  
1<sup>st</sup> District, Province of Bulacan



**JULIETA R. CORTUNA**  
Partylist, A-TEACHER

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**AN ACT GRANTING INCOME TAX RELIEF  
TO INDIVIDUAL TAXPAYERS EARNING PURELY COMPENSATION INCOME  
WHO LOST THEIR HOMES DUE TO NATURAL CALAMITIES**

**Section 1. Short Title.** This Act shall be known as the Calamity Income Tax Relief Act of 2015.

**Section 2. Coverage.** This Act shall entitle all individual citizens of the Philippines residing a certain area declared to be in a State of Calamity earning purely compensation income, and who are subject to individual income tax as defined under Section 24 of the National Internal Revenue Code, *Provided that*, as a result of aforesaid calamity, the house, apartment, dwelling, or any other structure serving as the primary residence of the aforesaid taxpayer has been totally lost or destroyed, *Provided further that*, the aforesaid primary residence is not under any insurance coverage or other means that allows the aforesaid taxpayer recovery or compensation from his or her loss.

**Section 3. Limitations.** A locality shall be considered under a State of Calamity when it is declare to be under such state by the proper authorities. To be entitled with the tax relief, the primary residence of the taxpayer concerned must be within the locality declared to be under a State of Calamity and is the same primary residence as declared by the concerned taxpayer to the Bureau of Internal Revenue (BIR) in his income tax return, or as shown in his or her records with the BIR for three (3) years next preceding the date of total loss or destruction of the aforesaid residence.

**Section 5. Implementing Agency.** The BIR shall be the lead implementing agency of this Act. In compliance with this Act and with the Implementing Rules and Regulation below, it shall issue and promulgate an appropriate system and the necessary forms and supporting documents needed for filing a claim for income tax relief under this Act, *Provided that*, the Revenue District Office having jurisdiction over the locality declared to be under a

State of Calamity shall likewise have jurisdiction over the claim/s for income tax relief under this Act from aforesaid locality.

**Section 4. Income Tax Relief.** All individual income taxpayers earning purely compensation income covered under this Act shall be granted an Income Tax Relief for the taxable year of the total loss or destruction of his or her primary residence, *Provided that*, in no case shall the aforesaid taxpayer may claim the aforesaid income tax relief oftener than once every twenty (20) years, *Provided further that*, in case the primary residence concerned also serves as a family home or is a primary residence to multiple individual income taxpayers earning purely compensation income, only one (1) of the aforesaid taxpayers shall be entitled to claim the aforesaid income tax relief to the exclusion of his or her co-residents and after they have executed a release, quit-claim, or any analogous document unequivocally assigning and authorizing the claimant-taxpayer to file the income tax relief for their residence and that they likewise cannot claim the aforesaid income tax relief oftener than once every twenty (20) years.

In case there are taxes from the concerned taxpayer withheld by his or her employer and already remitted to the BIR, the amount withheld and remitted shall be returned either as a tax refund by the BIR within thirty (30) days upon approval of his or her claim, without need from the concerned taxpayer to file a claim for refund. Otherwise, in case the tax from the concerned taxpayer is not yet withheld or is withheld by his or her employer but is not yet remitted to the BIR, the tax shall continue to be withheld by the employer and shall only be released upon approval by the BIR of the claimant-taxpayer's claim for income tax relief, *Provided that*, the BIR shall decide on the aforesaid claim within thirty (30) days from the date of filing, *Provided further*, that in case of disallowance of the aforesaid claim, the taxes withheld shall be remitted to the BIR in accordance with the provisions of the National Internal Revenue Code.

**Section 5. Implementing Rules and Regulations.** The Department of Finance (DOF), Bureau of Internal Revenue (BIR), Department of National Defense (DND), and Department of Interior and Local Government (DILG) shall issue and promulgate the Implementing Rules and Regulations (IRR) to discharge the provisions of this Act. The IRR shall take effect upon its publication in two (2) newspapers of general circulation.

**Section 6. Repealing Clause.** All laws, presidential decrees, letters of instructions, executive orders, rules and regulations, and specific provisions of the foregoing, insofar as they are inconsistent with this Act, are hereby repealed or amended as the case may be.

**Section 7. Separability Clause.** In the event that any provision of this Act or any portion hereof is declared unconstitutional by a competent court, the other provisions shall not be affected and shall remain valid and enforceable.

**Section 8. Effectivity Clause.** This Act shall take effect after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

APPROVED.

