

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY

SIXTEENTH CONGRESS
THIRD REGULAR SESSION

HOUSE BILL NO. **5924**



INTRODUCED BY REP. EVELIO R. LEONARDIA

EXPLANATORY NOTE

Section 12 of the Constitution states that: "The State recognizes the sanctity of family life and shall protect and strengthen the family as a basic autonomous social institution. It shall equally protect the life of the mother and the life of the unborn from conception. The natural and primary right and duty of parents in the rearing of the youth for civic efficiency and the development of the moral character shall receive the support of the Government."

The State is thus mandated not only to give importance to the sanctity of family life but also to safeguard it and promote its growth. Foremost among its mandate is for the State to ensure that the family is adequately provided for by the head of the family. The incessant and even worsening problems of unemployment, the devaluation of the peso, poverty, and even in peace and order, have all contributed to become obstacles in ensuring Filipino families to live comfortably and for Filipino parents to sufficiently provide and raise their children as productive members of the society.

Indeed, one of the problems facing many Filipino families is housing. Most resort to renting houses and are plagued with ever-increasing rental rates. Some families, just to get by, are forced to scrimp on other basic necessities. However, there are some which resort to becoming informal settlers, effectively exposing their children to the dangers of living in communities wanting in basic facilities.

This bill seeks to provide some measure of relief for taxpayers, specifically heads of families and those who are married, by including their rentals as allowable deductions from their gross income. The money saved with these deductions can thus be used to provide for other, equally important, needs of the family.

In view thereof, the passage of this bill is earnestly sought.


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Lone District, Bacolod City

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AN ACT
PROVIDING FOR ADDITIONAL ALLOWABLE TAX DEDUCTIONS FOR INDIVIDUAL TAXPAYERS,
AMENDING FOR THE PURPOSE SECTION 34 OF REPUBLIC ACT 8424, OTHERWISE
KNOWN AS THE TAX REFORM ACT OF 1997

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

SECTION 1. Section 34 of Republic Act 8424 is hereby amended to read as follows:

Sec. 34. Deductions from Gross Income. – Except for taxpayers earning compensation income arising from personal services rendered under employer-employee relationship where no deductions shall be allowed under this Section other than Subsection[s] (M) and [(N)] hereof, in computing taxable income subject to income tax under Sections 24 (A); 25 (A); 26; 27 (A), (B) and (C); and 28 (A) (1), there shall be allowed the following deductions from gross income;

(A) Expenses. -

XXXX XXXX XXXX

(N) RENTALS ON DWELLINGS. – THE AMOUNT OF RENTALS ON DWELLINGS PAID FOR BY THE TAXPAYER IN CONSIDERATION OF HIS OR HIS FAMILY'S LODGINGS SHALL BE ALLOWED AS A DEDUCTION FROM HIS GROSS INCOME. PROVIDED, THAT THE HOUSEHOLD INCOME SHALL NOT EXCEED FIVE HUNDRED THOUSAND PESOS (P500,000.00) FOR THE TAXABLE YEAR. PROVIDED, FURTHER, THAT IN THE CASE OF MARRIED TAXPAYERS, SAID DEDUCTION MAY ONLY BE CLAIMED BY THE SPOUSE CLAIMING THE ADDITIONAL EXEMPTION FOR DEPENDENTS.

FOR PURPOSES OF THIS SUBSECTION, "RENTALS ON DWELLINGS" MEANS PAYMENTS MADE BY A TAXPAYER FOR THE USE OF A HOUSE, AN APARTMENT, A ROOM, OR ANY DWELLING PRIMARILY USED FOR RESIDENTIAL PURPOSES AND RENTED OUT TO A TENANT ON A REGULAR BASIS, FOR PURPOSES OF HIS OR HIS FAMILY'S LODGINGS AND RESIDENCE.

Notwithstanding the provision of the preceding Subsections, The Secretary of Finance, upon recommendation of the Commissioner, after a public hearing shall have been held for this purpose, may prescribe by rules and regulations, limitations or ceilings for any of the itemized deductions under Subsections (A) to (J) of this Section: Provided, That for purposes of determining such ceilings or limitations, the Secretary of Finance shall consider the following factors: (1) adequacy of the prescribed limits on the actual expenditure requirements of each particular industry; and (2) effects of inflation on expenditure levels: Provided, further, That no ceilings shall further be imposed on items of expense already subject to ceilings under present law.

SEC. 2. The Department of Finance shall issue the necessary implementing rules and regulations for the implementation of this Act.

SEC. 3. All laws, decrees, orders, issuances, rules and regulations, and other issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 4. This Act shall take effect fifteen (15) days following completion of its publication in at least two (2) newspapers of general circulation.

Approved,