



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6120

Introduced by Representative Paolo Everardo S. Javier

EXPLANATORY NOTE

The country's individual income taxpayers have lamentably suffered inequity on account of the tax system's inability to keep up with rising inflation rates for quite some time. From the effectivity of the National Internal Revenue Code (NIRC) of 1997 on January 1, 1998, the individual income tax rates have remained based on the 1998 Consumer Price Index (CPI) of 67.8%, which is less than half compared to the current CPI of around 141% (as of August 2015). This means that a working man's monthly pay of P10,000 back in 1998 is equivalent to P20,500, which should just be entirely taxed at the rate of 5% instead of a higher rate. Otherwise put, the tax on his salary should merely be P1,025.00 and not P1,550.00, leaving him with an additional monthly take home pay of P525.00 or P6,300.00 more disposable income on a yearly basis. This amount would undeniably help in keeping every ordinary Filipino family weather the current challenges it faces financially.

Considering this unfair situation, it is just timely that individual income taxation be fixed to make it once more equitable, which was what Congress truly intended when the NIRC of 1997 was fashioned.

Accordingly, passage of the measure is earnestly sought.

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AN ACT
RESTRUCTURING THE INCOME TAX IMPOSED ON INDIVIDUALS,
AMENDING FOR THE PURPOSE SECTION 24 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 **SECTION. 1.** Section 24 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:
3

4
5 **"SEC. 24. Income Tax Rates. –**

6
7 (A) xxx

8
9 (1) xxx

10
11 (2) Rates of Tax on Taxable Income of Individuals. – The tax
12 shall be computed in accordance with and at the rates
13 established in the following schedule:
14

15 [Not over P10,000	5%]
16 [Over P10,000 but not over P30,000	P500+10% of the excess
17 [Over P30,000 but not over P70,000	over P10,000]
18 [Over P70,000 but not over P140,000	P2,500+15% of the excess
19 [Over P70,000 but not over P140,000	over P30,000]
20 [Over P70,000 but not over P140,000	P8,500+20% of the excess
21 [Over P70,000 but not over P140,000	over P70,000]

1	[Over P140,000 but not over P250,000	P22,500+25% of the excess
2		over P140,000]
3	[Over P250,000 but not over P500,000	P50,000+30% of the excess
4		over P250,000]
5	[Over P500,000	P125,000+32% of the excess
6		over P500,000]
7		
8		
9		
10	NOT OVER P20,500	5%
11	OVER P20,500 BUT NOT OVER P61,500	P1,025+10% OF THE EXCESS
12		OVER P20,500
13	OVER P61,500 BUT NOT OVER P143,500	P5,125+15% OF THE EXCESS
14		OVER P61,500
15	OVER P143,500 BUT NOT OVER P287,000	P17,425+20% OF THE EXCESS
16		OVER P143,500
17	OVER P287,000 BUT NOT OVER P512,500	P46,125+25% OF THE EXCESS
18		OVER P287,000
19	OVER P512,500 BUT NOT OVER P1,025,000	P102,500+30% OF THE EXCESS
20		OVER P512,500
21	OVER P1,025,000	P256,250+32% OF THE EXCESS
22		OVER P1,025,000

23

24

25 xxx

26

27 xxx

28

29 PROVIDED, FINALLY, THAT NOT LATER THAN THREE

30 (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT AND

31 EVERY THREE (3) YEARS THEREAFTER, EACH NET

32 TAXABLE INCOME LEVEL AND NOMIAL TAX RATE

33 HEREIN STATED SHALL BE ADJUSTED TO ITS

34 PRESENT VALUE USING THE CONSUMER PRICE

35 INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS

36 OFFICE (NSO).

- 37
- 38 (B) xxx
- 39
- 40 (C) xxx
- 41
- 42 (D) xxx
- 43
- 44

45 **SEC. 2.** Implementing Rules and Regulations. – The Secretary of Finance shall,

46 upon the recommendation of the Commissioner of Internal Revenue, promulgate

47 upon the effectivity of this Act the necessary Rules and Regulations for its

48 effective implementation.

49

50

51 **SEC. 3.** Separability Clause. – If any provision of this Act is subsequently

52 declared invalid or unconstitutional, other provisions hereof which are not

53 affected thereby shall remain in full force and effect.

1 **SEC. 4.** Repealing Clause. - All laws, acts, presidential decrees, executive
2 orders, issuances, presidential proclamations, rules and regulations or parts
3 thereof which are contrary to and inconsistent with any provisions of this Act are
4 hereby repealed, amended or modified accordingly.

5
6 **SEC. 5.** Effectivity Clause. - This Act shall take effect fifteen (15) days after its
7 complete publication either in the Official Gazette, or in at least two (2)
8 newspapers of general circulation.

Approved,