



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SIXTEENTH CONGRESS
Third Regular Session
HOUSE BILL NO. 6258

Introduced by Representative Raneo E. Abu

EXPLANATORY NOTE

This bill is about giving every ordinary Filipino individual taxpayer the equity he deserves in our country's tax laws, putting him and the family he supports in a better position to cope up with life's daily financial demands.

Since the National Internal Revenue Code (NIRC) of 1997 became effective on January 1, 1998, the individual income tax rates have unfortunately remained based on the 1998 Consumer Price Index (CPI) of 67.8%, which has now doubled to its current rate of about 141% (as of August 2015). Going by these figures, a regular salaried man's monthly take-home pay of P10,000.00 way back in 1998 is now equivalent to P20,500.00, which rightly should be taxed at the rate of just 5% and not a higher one. In more practical terms, the amount of tax on his monthly salary of P20,500 should just be P1,025.00 and not P1,550.00, giving him an added monthly take-home pay of P525.00 or P6,300.00 yearly. With the constantly rising prices of basic commodities, this additional income will certainly go a long way in making ends meet for him and his family.

By doing this much-needed fair tweaking of the individual income tax brackets, together with the amounts of personal and additional exemption, in accordance with current CPI and automatically after every three (3) years thereafter, this government can rightfully claim that it has done justice to every ordinary Filipino working man.

Accordingly, passage of the measure is earnestly sought.

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

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6253

Introduced by Honorable Representative Raneo E. Abu

AN ACT
RESTRUCTURING THE INCOME TAX IMPOSED ON INDIVIDUALS,
AMENDING FOR THE PURPOSE SECTIONS 24, AND 35 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 amended, is
2 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 shall
12 be computed in accordance with and at the rates established in the
13 following schedule:
14

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

19
20
21

[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+32% of the excess over P500,000]
NOT OVER P20,500	5%
OVER P20,500 BUT NOT OVER P61,500	P1,025+10% OF THE EXCESS OVER P20,500
OVER P61,500 BUT NOT OVER P143,500	P5,125+15% OF THE EXCESS OVER P61,500
OVER P143,500 BUT NOT OVER P287,000	P17,425+20% OF THE EXCESS OVER P143,500
OVER P287,000 BUT NOT OVER P512,500	P46,125+25% OF THE EXCESS OVER P287,000
OVER P512,500 BUT NOT OVER P1,025,000	P102,500+30% OF THE EXCESS OVER P512,500
OVER P1,025,000	P256,250+32% OF THE EXCESS OVER P1,025,000

xxx

xxx

PROVIDED, FINALLY, THAT NOT LATER THAN THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY THREE (3) YEARS THEREAFTER, EACH NET TAXABLE INCOME LEVEL AND NOMINAL TAX RATE HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE USING THE CONSUMER PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE (NSO).

(B) xxx

(C) xxx

(D) xxx"

SEC. 2. Section 35 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 35. Allowance of Personal Exemption for Individual Taxpayer. –

(A) xxx

(B) xxx

1 PROVIDED, FURTHER, THAT NOT LATER THAN THREE (3)
2 YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY
3 THREE (3) YEARS THEREAFTER, THE AMOUNTS OF BASIC
4 PERSONAL EXEMPTION AND ADDITIONAL EXEMPTION
5 FOR DEPENDENTS HEREIN STATED SHALL BE ADJUSTED
6 TO PRESENT VALUES USING THE CONSUMER PRICE
7 INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS
8 OFFICE (NSO).
9

10 xxx

11
12 (C) xxx

13
14 (D) xxx”
15
16

17 **SEC. 3.** Implementing Rules and Regulations. – The Secretary of Finance shall, upon
18 the recommendation of the Commissioner of Internal Revenue, promulgate upon the
19 effectivity of this Act the necessary Rules and Regulations for its effective
20 implementation.
21

22 **SEC. 4.** Separability Clause. – If any provision of this Act is subsequently declared
23 invalid or unconstitutional, other provisions hereof which are not affected thereby shall
24 remain in full force and effect.
25

26 **SEC. 5.** Repealing Clause. - All laws, acts, presidential decrees, executive orders,
27 issuances, presidential proclamations, rules and regulations or parts thereof which are
28 contrary to and inconsistent with any provisions of this Act are hereby repealed, amended
29 or modified accordingly.
30

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

Approved,