

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH (17TH) CONGRESS
First Regular Session

HOUSE BILL NO. 4567



Introduced by Representative Manuel Monsour T. Del Rosario III

EXPLANATORY NOTE

The National Internal Revenue Code (Republic Act No. 8424, as amended) grants an individual income taxpayer additional exemption in the amount of ₱25,000.00 for each dependent not exceeding four. However, the claim for additional exemption can no longer be availed once any of the dependents dies, marries, reaches 21 years, or becomes gainfully employed.

Eventually, a taxpayer reaches a certain age where he can no longer claim any additional exemption for his dependents once the limitations to avail of the tax exemption become applicable. This situation becomes iniquitous since income taxpayers who reach old age should be enjoying the benefits of their long years of hard work, instead of paying income taxes in the dusk of their years.

Thus, it should behoove the state to provide income taxpayers who are senior citizens the privilege to claim additional tax exemption equivalent to the maximum amount of exemption allowed for dependents. Equity ordains that senior citizens who pay income taxes during their twilight years should be allowed to claim additional tax exemption corresponding to that which can be claimed by an income taxpayer in the prime of his life.

In view of the foregoing, approval of this bill is fervently sought.


MANUEL MONSOUR T. DEL ROSARIO III

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AN ACT GRANTING SENIOR CITIZENS ADDITIONAL EXEMPTION IN
DETERMINING INCOME TAX, FURTHER AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS
THE NATIONAL INTERNAL REVENUE CODE

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

Section 1. Section 35 of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code, is hereby further amended to read as follows:

“Sec. 35. Allowance of Personal Exemption for Individual Taxpayer. -

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

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

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

“The additional exemption for dependent shall be claimed by only one of the spouses in the case of married individuals.

In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children: Provided, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions herein allowed.

“For purposes of this Subsection, a ‘*dependent*’ means a legitimate, illegitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

“(C) Change of Status - If the taxpayer marries or should have additional dependent(s) as defined above during the taxable year, the taxpayer may claim the corresponding additional exemption, as the case may be, in full for such year.

"If the taxpayer dies during the taxable year, his estate may still claim the personal and additional exemptions for himself and his dependent(s) as if he died at the close of such year.

"If the spouse or any of the dependents dies or if any of such dependents marries, becomes twenty-one (21) years old or becomes gainfully employed during the taxable year, the taxpayer may still claim the same exemptions as if the spouse or any of the dependents died, or as if such dependents married, became twenty-one (21) years old or became gainfully employed at the close of such year.

"(D) Personal Exemption Allowable to Nonresident Alien Individual - A nonresident alien individual engaged in trade, business or in the exercise of a profession in the Philippines shall be entitled to a personal exemption in the amount equal to the exemptions allowed in the income tax law in the country of which he is a subject - or citizen, to citizens of the Philippines not residing in such country, not to exceed the amount fixed in this Section as exemption for citizens or resident of the Philippines: Provided, That said nonresident alien should file a true and accurate return of the total income received by him from all sources in the Philippines, as required by this Title.

"(E) ALLOWABLE ADDITIONAL EXEMPTION FOR SENIOR CITIZEN - AN INDIVIDUAL TAXPAYER WHO IS A SENIOR CITIZEN SHALL BE ENTITLED TO AN ADDITIONAL EXEMPTION IN THE AMOUNT EQUAL TO THE MAXIMUM ADDITIONAL EXEMPTIONS ALLOWED FOR DEPENDENTS; *PROVIDED*, THAT THE ADDITIONAL EXEMPTION SHALL BE CLAIMED BY ONLY ONE OF THE SPOUSES IN THE CASE OF MARRIED INDIVIDUALS; AND: *PROVIDED*, FURTHER, THAT THE CLAIM FOR ADDITIONAL EXEMPTION SHALL BE DIVIDED EQUALLY BETWEEN THE SPOUSES IN CASE THEY ARE LEGALLY SEPARATED."

Section 2. Separability Clause. - If any provision or part of this Act, or the application thereof to any person or circumstances, is held invalid or unconstitutional, the remaining sections of this Act or the application of such provision or part hereof to other persons or circumstance shall remain in full force and effect.

Section 3. Repealing Clause. - All laws, decrees, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 4. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* and/or in two (2) newspapers of general circulation.

Approved,