

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
17th CONGRESS
Second Regular Session
House Bill No. **6678**

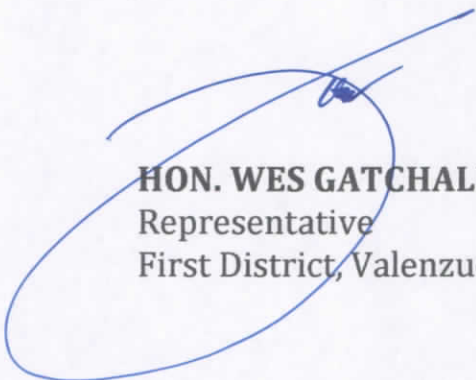


Introduced by **Representative Wes Gatchalian**

EXPLANATORY NOTE

Unlike the basic salary that wage earners make in the course of their labor, bonuses are in the nature of gratuity, granted out of an employer's appreciation for an employee's work and commitment. It is a premium given to reward those who have gone beyond what was demanded by their job descriptions, and have contributed to truly making industries into a profitable enterprise. This measure is therefore being proposed in order that these hardworking employees truly enjoy to the fullest these benefits.

As it currently stands the aggregate cap for excluded bonuses stands at eighty-two thousand pesos (P 82, 000.00), and the excess of which are taxed in the schedule of net income. The intent of this bill is to increase the cap of exemptions to one-hundred thousand pesos (P 100, 000.00) and to tax the excess at a uniform rate of five per centum (5 %).


HON. WES GATCHALIAN
Representative
First District, Valenzuela City

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**AN ACT ADJUSTING THE 13TH MONTH PAY AND
OTHER BENEFITS TAX RATE FOR PURPOSES OF INCOME TAXATION,
AMENDING FOR THE PURPOSE SECTION 32(B), CHAPTER VI OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED**

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

SECTION 1. Section 32(B), Chapter VI of the National Internal Revenue Code of the Philippines (Republic Act No. 8424) is hereby amended as follows:

"SEC. 32. *Gross Income.* —

"x x x

"(B) *Exclusions from Gross Income.* — The following items shall not be included in gross income and shall be exempt from taxation under this Title:

"xxx

"(7) *Miscellaneous Items.* — "xxx

"(e) *13th Month Pay and Other Benefits.* — Gross benefits received by officials and employees of public and private entities: *Provided, however,* That the total exclusion under this subparagraph shall not exceed ONE-HUNDRED THOUSAND PESOS (P100,000); PROVIDED FURTHER THAT ITEMS AS DEFINED HEREIN, IN EXCESS OF ONE-HUNDRED THOUSAND PESOS (P100,000) OR AS HEREIN AFTER ADJUSTED BY THE PRESIDENT OF THE PHILIPPINE IN ACCORDANCE WITH (iv) OF THIS PROVISION, SHALL ONLY BE SUBJECT TO A RATE OF FIVE PERCENT (5%), which shall cover:

"XXX

SEC. 2. *Implementing Rules and Regulations.* — The Secretary of Finance shall promulgate the necessary rules and regulations for the faithful and effective implementation of the provisions of this Act: Provided, That, the failure of the Secretary of Finance to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 3. *Repealing Clause.* — All laws, orders, issuances, circulars, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 4. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 5. *Effectivity.* — This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,