

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

Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 7190



Introduced by REPRESENTATIVE LEONARDO L. BABASA, JR.

EXPLANATORY NOTE

According to the Department of Labor and Employment more than 111,000 workers employed by at least 2,300 business enterprises have been affected by the outbreak of the coronavirus disease (COVID-19).¹

Those fortunate enough to retain their bread and butter despite the pandemic are either facing the daily struggles of commuting and transportation to and from the office, or working at the comforts of their own homes.

While working remotely has been a muscle memory for some sectors of the industry, those who were forced to shift had to adjust and develop new habits to sustain productivity in work.

However, it has similarly challenged our work-from-home and telecommuting workers in the form of increased electricity bills, unstable internet connectivity, increased stress, disturbed mental health, as many of us adjust to conform to a new way of life.

This legislative measure seeks to provide these workers with allowable tax deductions for electricity expenses to cushion the blow on the probable surge in their bills as they adapt to telecommuting, if their employers do not provide them with allowance. Likewise, this will also ensure that similar allowances and benefits given to the employees are exempt from the imposition of tax. Finally, this bill will also encourage the furnishing by the employers of these needed allowances by allowing them to deduct fifty percent (50%) of the amounts they furnish to their employees for income tax purposes.

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



LEONARDO L. BABASA, JR.

¹ <https://newsinfo.inquirer.net/1247902/111000-ph-workers-affected-by-covid-19-pandemic>

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AN ACT
PROVIDING FOR TAX INCENTIVES FOR INDIVIDUALS ON A WORK-FROM-HOME OR TELECOMMUTING PROGRAM, FURTHER AMENDING FOR THE PURPOSE, REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997, AND FOR OTHER PURPOSES

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

SECTION 1. Section 34 of Republic Act No. 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 an employer-employee relationship where no deductions shall be allowed under this Section, **EXCEPT AS OTHERWISE PROVIDED FOR HEREIN IN CASE OF WORK-FROM-HOME AND TELECOMMUTING EMPLOYEES**, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26(A); 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:

(A) Expenses –

(1) Ordinary and Necessary Trade, Business or Professional Expenses-

(a) xxx

(b) xxx

(c) xxx

XXX

XXX

XXX

XXX

(N) WORK-FROM-HOME OR TELECOMMUTING EMPLOYEES - NOTWITHSTANDING THE FIRST PARAGRAPH OF THIS SECTION, INDIVIDUALS EARNING COMPENSATION INCOME SHALL BE ENTITLED TO A DEDUCTION OF TWENTY-FIVE PESOS (P25.00) FROM THEIR TAXABLE INCOME FOR EVERY HOUR WORKED UNDER A WORK-FROM-HOME OR TELECOMMUTING ARRANGEMENT, PROVIDED, THAT, THE EMPLOYEE SHALL CERTIFY UNDER OATH THE NUMBER OF HOURS SERVED UNDER THE WORK-FROM-HOME OR TELECOMMUTING PROGRAM FOR THE YEAR, WHICH SHALL BE FILED AS AN ATTACHMENT TO THE EMPLOYEE'S INCOME TAX RETURN.

ALLOWANCES OR OTHER BENEFITS GRANTED BY EMPLOYERS TO THEIR EMPLOYEES TO COVER EXPENSES NECESSARY FOR TELECOMMUTING NOT EXCEEDING TWO THOUSAND PESOS (P2,000) PER MONTH, SHALL BE CONSIDERED AS A NON-TAXABLE BENEFIT. AMOUNTS GRANTED IN EXCESS SHALL BE SUBJECTED TO EXISTING TAX RULES, PROVIDED, THAT, EMPLOYEES RECEIVING THIS BENEFIT SHALL NO LONGER BE ENTITLED TO THE HOURLY DEDUCTION FROM INCOME TAX PROVIDED FOR IN THE PRECEEDING PARAGRAPH. PROVIDED FURTHER THAT EMPLOYERS SHALL BE ENTITLED TO AN ADDITIONAL FIFTY PERCENT (50%) INCOME TAX DEDUCTION FOR ALLOWANCES GRANTED WITHIN THE SPECIFIED CEILING.

SECTION 2. *Implementing Rules and Regulations.* - The Department of Finance, together with the Bureau of Internal Revenue shall promulgate the rules and regulations to implement this Act within ninety (90) days from the effectivity of this Act.

SECTION 3. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 4. *Repealing Clause.* - All laws, decrees, orders, resolutions, instructions, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 5. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,