

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL No. 444

Introduced by
ACT Teachers Party-List Rep. ANTONIO L. TINIO
and **KABATAAN Party-List Rep. RENEE LOUISE M. CO**

AN ACT
EXEMPTING FROM INCOME TAXATION ALL AMOUNTS GRANTED TO
PERSONS RENDERING ELECTION SERVICE FOR LOCAL AND
NATIONAL ELECTIONS

EXPLANATORY NOTE

This bill seeks to exempt from income tax the compensation received by poll workers in national and local elections under the *Election Service Reform Act* or Republic Act 10756.

The ESRA significantly increased the honoraria, allowances, and other compensation of volunteers for election service, most of whom are still public school teachers who sit as members of the Boards of Election Inspectors. However, the law is silent as to the tax treatment of such compensation.

While there should be no change in the tax treatment of the honoraria, and other compensation for election service—which have never been subjected to income tax prior to the passage of the ESRA and the 2018 Barangay and Sangguniang Elections—the rules and regulations issued by the Bureau of Internal Revenue after the enactment of ESRA reversed the situation. It considered the election compensation as income and thus taxed the same as such.

This destroys the spirit and intent of the ESRA, which is to compensate the hardships of persons rendering election service. They must therefore enjoy the compensation in full and not bear additional burdens. It should be noted that

volunteers for election service exhaust their honoraria and allowances for travel, food, and other expenses before, during, and even after election day because they are required to attend the trainings, deliver the election paraphernalia to and from the COMELEC offices and precincts, and perform other election-related tasks. They are even forced to augment whatever they get from COMELEC by spending their personal funds.

Hence, there is an urgent need to enact this bill to set straight the BIR rules and regulations as regards compensation for election service and to expressly exempt from income taxation all amounts granted to persons rendering election service for local and national elections.

After being initially pushed in the 17th Congress, during which it hurdled the Third Reading, this bill was passed with a unanimous vote in the 18th Congress. The Senate also passed the counterpart bill, and this measure was on its way to becoming a law if not for the veto of President Ferdinand Marcos, Jr. on the thirtieth day after its transmittal. The alleged reason: “to correct the inequity in the country’s tax system and negate the progressivity of the reforms introduced” However, the annualized revenue loss for this measure, as cited by another proponent and Ways and Means Chairperson Rep. Joey Salceda, is **a mere ₱138.6 million**. And while this loss means so little to the national coffers—as it surely will be offset by truly progressive tax measures that levy more from the rich than the poor and the middle class—this amount means so much to the thousands of teachers and other poll service volunteers who rely on whatever benefits and savings they can get. Indeed, there is nothing more inequitable than depriving much from those who can hardly afford their basic needs, especially during these times of unabated inflation.

This bill was passed by both Houses in the Eighteenth Congress, but was one of the first bills vetoed by President Marcos, Jr., for reasons which the authors believe are erroneous: the veto message stated that tax breaks for poll workers are “inequitable to other persons performing similar activities or services,” with his veto aimed “to correct the inequity in the country’s tax system and negate the progressivity of the reforms” purportedly introduced by the TRAIN Law.

For the foregoing reasons, approval of this bill is earnestly sought.



Rep. ANTONIO L. TINIO
ACT Teachers Party-List



Rep. RENEE LOUISE M. CO
KABATAAN Party-List

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

SECTION 1. Section 32(B)(7) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

Section 32. Gross Income. -

(A) General Definition. - x x x

(B) Exclusions from Gross Income. - x x x

(1) XXX

(7) Miscellaneous Items. -

(a) x x x

(I) HONORARIA, TRAVEL ALLOWANCE, AND
SUCH OTHER BENEFITS AS MAY BE GRANTED
BY THE COMMISSION ON ELECTIONS

**(COMELEC) TO PERSONS RENDERING
ELECTION SERVICE PURSUANT TO SECTION 4
OF REPUBLIC ACT NO. 10756, OTHERWISE
KNOWN AS THE “ELECTION SERVICE REFORM
ACT”: *PROVIDED*, THAT THIS SHALL APPLY TO
THE 2022 ELECTIONS AND THEREAFTER.**

SEC. 2. *Implementing Rules and Regulations.* – The Department of Finance shall, in consultation with the Commission on Elections and the Department of Education, promulgate rules and regulations to implement the provisions of this Act within sixty (60) days from its effectivity.

SEC. 3. *Separability Clause.* – If any portion or provision of this Act is declared void and unconstitutional, the remaining portions or provisions hereof shall not be affected by such declaration

SEC. 4. *Repealing Clause.* – All laws, decrees, rules and regulations, and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 5. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or one (1) newspaper of general circulation.

Approved,