

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20th) CONGRESS
First Regular Session

HOUSE BILL NO. 2215



Introduced by **HONORABLE LORETO "AMBEN" S. AMANTE**
Third (3rd) Legislative District, Province of Laguna

**AN ACT DECLARING TAX-FREE ALL INTERESTS EARNED
FROM LOCAL CURRENCY BANK DEPOSITS AND QUALIFIED
INVESTMENTS IN LONG-TERM INSTRUMENTS
DERIVED FROM SOURCES WITHIN THE PHILIPPINES,
EXCEPT INTEREST INCOME ON FOREIGN CURRENCY
DEPOSITS, AMENDING FOR SUCH PURPOSE SECTION 24 OF
REPUBLIC ACT NO. 12214, OTHERWISE KNOWN AS THE
"CAPITAL MARKETS EFFICIENCY PROMOTION ACT"**

Explanatory Note

Enshrined under Article II of the 1987 Philippine Constitution are the declared State Policies to the effect that—

“Section 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all.”

“Section 10. The State shall promote social justice in all phases of national development.”

“Section 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.”

“Section 20. The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.”

Premised on the foregoing, it is beyond dispute that a robust and broad capital market is a crucial aspect of nation-building. Capital markets mobilize savings that channel the funds from savers to the most productive utilizations, through the conduit of the banking system. It is in this aspect that the financial sector plays a significant part to build up an economic development of the country.

Nevertheless, the State must endeavor to put into place a competitive yet just and reasonable passive income tax system in order to primarily encourage savings as one of the paramount means to develop and broaden capital markets. While the State recognizes tax administration as a mechanism towards an economic growth, it must be discharged and regulated in an equitable and conscientious manner. **Stated differently, in striving to develop a dynamic and aggressive capital market to achieve economic advancement and financial integrity, it is imperative to institute reforms that shall promote and encourage bank savers, most especially from our persevering working class and hardworking yet modest entrepreneurs since their demonstrated thriftiness, amidst blood, sweat and tears, must be sympathetically honored and commended by the State, and not to be awarded by slapping unconscionable taxes because, after all, regardless of the quantitative sum saved, their aggregate amount animates savings which irrefutably stimulates the financial sector progress.**

Foregoing premises considered, the approval of this proposed measure is hereby most solemnly sought.



HON. LORETO “AMBEN” S. AMANTE

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

SECTION 1. *Short Title.* This Act shall be known as
“EMPOWERING FILIPINO DEPOSITORS ACT OF 2025”;

SECTION 2. *Declaration of Policy.* It is the policy of the State to
promote a just and dynamic social order that will ensure the prosperity of
the country and free the people from poverty through policies which
provide adequate social services, promote full employment, a rising
standard of living and an improved quality of life for all. And it is likewise
the declared policy of the State to promote social justice in all phases of
national development.

While the State recognizes tax administration as a mechanism
towards an economic growth, it must be discharged and regulated in an
equitable and conscientious manner. Indeed, the State must endeavor to put

into place a competitive yet just and reasonable passive income tax system in order to primarily encourage savings as one of the paramount means to develop and broaden capital markets. Stated differently, in striving to develop a dynamic and aggressive capital market to achieve economic advancement and financial integrity, it is imperative to institute reforms that shall promote and encourage bank savers, most especially from our persevering working class and hardworking yet modest entrepreneurs since their demonstrated thriftiness, amidst blood, sweat and tears, must be sympathetically honored and commended by the State, and not to be awarded by slapping unconscionable taxes because, after all, regardless of the quantitative sum saved, their aggregate amount animates savings which irrefutably stimulates the financial sector progress.

SECTION 3. Section 4 of Republic Act No. 12214 which amended Section 24 of the National Internal Revenue Code of 1997, as amended, is hereby being amended to read as follows:

“Section 4. Section 24 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

Section 24. Income Tax Rates.

x x x

(B) Rates of Tax on Certain Passive Income.

(1) Interests, Prizes and Other Winnings. **INTERESTS EARNED FROM LOCAL CURRENCY BANK DEPOSITS SHALL BE ENTIRELY TAX-EXEMPT, WHILE A FINAL TAX AT THE RATE OF TWENTY PERCENT (20%) IS HEREBY IMPOSED UPON THE AMOUNT OF INTEREST YIELD OR ANY OTHER MONETARY BENEFIT EARNED FROM DEPOSIT SUBSTITUTES, TRUST FUNDS AND OTHER SIMILAR ARRANGEMENTS;** Prizes (except amounting to Ten Thousand Pesos [P10,000.00] or less) which shall be subject to tax under Subsection (A) of Section 24; and other Winnings (except amounting to Ten Thousand Pesos [P10,000.00] or less from the Philippine Charity Sweepstakes and Lotto which shall be exempt), derived from sources within the Philippines.

PROVIDED, HOWEVER, THAT INTEREST INCOME RECEIVED BY AN INDIVIDUAL TAXPAYER (EXCEPT A NONRESIDENT INDIVIDUAL) FROM A DEPOSITORY BANK

UNDER THE EXPANDED FOREIGN CURRENCY DEPOSIT SYSTEM SHALL BE SUBJECT TO A FINAL INCOME TAX AT THE RATE OF TWENTY PERCENT (20%) OF SUCH INTEREST INCOME.

PROVIDED, FURTHER, THAT INTEREST INCOME FROM LONG-TERM DEPOSITS OR INVESTMENTS IN THE FORM OF SAVINGS, COMMON OR INDIVIDUAL TRUST FUNDS, DEPOSIT SUBSTITUTES, INVESTMENT MANAGEMENT ACCOUNTS AND OTHER INVESTMENTS AS EVIDENCED BY CERTIFICATES IN SUCH FORM PRESCRIBED BY THE BANGKO SENTRAL NG PILIPINAS (BSP) IS HEREBY QUALIFIED AS TO THE IMPOSITION OF A FINAL INCOME TAX—TO BE DEDUCTED AND WITHHELD BY THE DEPOSITORY BANK FROM THE PROCEEDS OF THE LONG-TERM DEPOSIT OR INVESTMENT CERTIFICATE—BASED ON THE FOLLOWING QUALIFICATIONS-

- (a) FIVE (5) YEARS OR LESS— TAX-EXEMPT**
- (b) MORE THAN FIVE (5) YEARS- SIX PERCENT (6%)**

SECTION 4. *Implementing Rules and Regulations.*— Within sixty (60) calendar days from the effectivity of this Act, the Department of Finance, in consultation with the Securities and Exchange Commission, Bangko Sentral ng Pilipinas, Bureau of Treasury, Bureau of Internal Revenue and concerned private sectors, shall issue rules and regulations for the appropriate implementation of this Act.

SECTION 5. *Separability Clause.* If any provision of this Act is declared invalid or void, the rest of the provisions not affected thereby shall remain in full force and effect.

SECTION 6. *Repealing Clause.* - All laws, decrees, executive orders, rules or regulations, and other issuances, or parts thereof, inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SECTION 7. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved.