

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4121



Introduced by Representative Jan Rurik D. Padiernos, GP (Galing sa Puso) Party-List

EXPLANATORY NOTE

The 1987 Philippine Constitution emphasizes the need to 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.

Amid the rising prices of food and basic necessities, several social amelioration programs like the Pantawid Pamilyang Pilipino Program (4Ps), Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD), Ayuda sa Kapos and Kita Program (AKAP), Walang Gutom Program (WGP), and Assistance to Individuals in Crisis (AICS), all commonly referred to as Ayuda under the programs of the Department of Social Welfare Development (DSWD). The government has been heavily criticized for using government funds that, although these *ayuda* directly go to the pockets of the poorest of the poor, this bandage solution is not sustainable and, worse, is being used for political patronage.

The middle-income class which are mostly expressed in social media outcry for the balance treatment of the government. In particular, the *ayuda* beneficiaries are mostly the unemployed in the society that seemed to be coddled and taken care of by the government. Meanwhile, the middle-income class, who are mostly in the working class and belong to the large part of tax-paying population, have never received any of the assistance from the government, even during pandemic.

This bill will be the solution to the appeal of the middle class by excluding from the computation of the net taxable income their 13th month pay, Christmas bonus, and hazard pay. This will yield to the higher take-home pay of every working class in the country. Any revenue loss perceived will be recovered through multiplier effect in the economy due to increase purchasing power.

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


ATTY. JAN RURIK D. PADIERNOS
GP (Galing sa Puso) Party-List

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AN ACT
ENHANCING THE 13TH MONTH PAY AND OTHER BENEFITS,
AMENDING FOR THE PURPOSE SECTION 32(B)(7) 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. *Short Title.* - This Act shall be known as the "Enhanced 13th Month Pay and Other Benefits Act".

Sec. 2. Section 32(8)(7) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 32. *Gross Income.* -

"(A) *General Definition.* - **xxx**

"(B) *Exclusions from Gross Income.* - **xxx**

"(1) **xxx**

"**xxx**

"(7) *Miscellaneous items.* -

"(a) **xxx**

"**xxx**

"(e) *13th Month Pay, CHRISTMAS BONUS, AND HAZARD PAY [and Other Benefits].* - [Gross benefits] **THIRTEENTH (13th) MONTH PAY, CHRISTMAS BONUS OR ITS EQUIVALENT INCENTIVES, AND HAZARD PAY** received by [officials and] **THE** employees of public and private entities **PURSUANT TO EXISTING LAWS, RULES AND REGULATIONS.** [: ~~Provided, however,~~ That the total exclusion under this subparagraph shall not exceed ninety thousand pesos (P90,000) which shall cover:

(i) ~~Benefits received by officials and employees of the national~~

h) ~~and local governments pursuant to Republic Act No. 6686;~~

~~(ii) Benefits received by employees pursuant to Presidential Decree Jo. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;~~

~~(iii) Benefits received by officials and employees not covered by Presidential Decree Jo. 851, as amended by Memorandum Order Jo. 28, dated August 13, 1986; and~~

~~(iv) Other benefits such as productivity incentives and Christmas bonus.]~~

"(F) OTHER BENEFITS. - GROSS BENEFITS RECEIVED BY THE EMPLOYEES OF PUBLIC AND PRIVATE ENTITIES: PROVIDED, HOWEVER, THAT THE TOTAL EXCLUSION UNDER THIS SUBPARAGRAPH SHALL NOT EXCEED ONE HUNDRED FIFTY THOUSAND PESOS (P150,000) WHICH SHALL COVER:

(i) BENEFITS RECEIVED BY THE EMPLOYEES OF THE NATIONAL AND LOCAL GOVERNMENTS PURSUANT TO REPUBLIC ACT NO. 6686;

(ii) BENEFITS RECEIVED BY OFFICIALS AND EMPLOYEES NOT COVERED BY PRESIDENTIAL DECREE NO. 851, AS AMENDED BY MEMORANDUM ORDER NO. 28, DATED AUGUST 13, 1986; AND

(iii) OTHER BENEFITS SUCH AS PRODUCTIVITY INCENTIVES.

"(G) XXX

"(H) XXX

"(I) XXX.

PROVIDED, THAT THE SECRETARY OF FINANCE SHALL ADJUST ACCORDINGLY EVERY THREE (3) YEARS THE ABOVE CEILING AMOUNT OF THE OTHER BENEFITS BASED ON THE CAPITAL PRICE INDEX OF BASIC COMMODITIES AS MAY BE DETERMINED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).

Sec. 3. *Implementing Rules and Regulations (IRR).* - Within thirty (30) days from the effectivity of this Act, the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation.

Sec. 4. *Separability Clause.* - If any provision or part hereof is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

Sec. 5. *Repealing Clause.* - All laws, acts, decrees, executive orders, issuances, and

rules and regulations or parts thereof which are contrary to and inconsistent with this Act are hereby repealed, amended or modified accordingly.

Sec. 6. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,