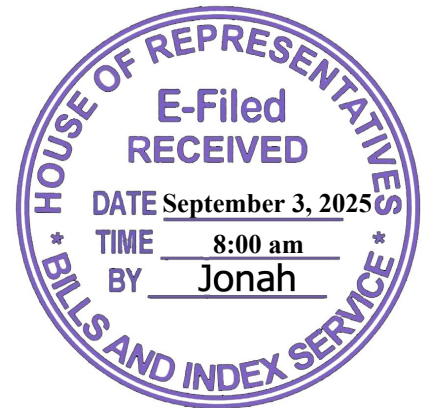


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

Twentieth Congress
First Regular Session

House Bill No. **4304**



Introduced by AKBAYAN Representatives Percival Cendaña, Atty. Jose Manuel “Chel” Diokno, and Dadah Kiram Ismula and Dinagat Islands Representative Kaka Bag-ao

EXPLANATORY NOTE

Our current tax regime has created an asymmetry in tax contributions among socioeconomic classes which exacerbates the already lamentable wealth and income inequality in the Philippines. While poor Filipinos barely make both ends meet, lacking access to adequate healthcare and security from climate vulnerability, the wealthy pays little in terms of income, estate, and donor’s taxes relative to their income and net worth. The increase in the fair market value of their assets – including land, shares of stock, paintings, jewelry, etc. is a non-taxable event, despite the obvious increase in their wealth. Such increase in the valuation of their assets makes it even easier for them to borrow from banks at lower interest rates, thus allowing them to make additional investments and further increase their wealth. Also, inheritance is only subject to a six per cent (6%) estate tax, which is much lower than the corresponding amount of income tax if the inheritance were treated as income. Incidentally, the maximum tax rates imposed on an estate had gone down through the decades from sixty per cent (60%)¹ to thirty-five (35%)² to twenty (20%)³, and is now only six (6%)⁴ regardless of the amount of the estate.

Moreover, the Corporate Recovery and Tax Incentives for Enterprises Law (CREATE), Republic Act No. 11534, provides substantial reduction in corporate

¹ Effective September 15, 1950 to December 31, 1972 (Section 85 of the NIRC, as amended (RA No. 579).

² Effective January 1, 1973 to July 27, 1992 (Section 85 of the NIRC, as amended (PD No. 69).

³ Effective January 1, 1998 up to December 31, 2017 (RA No. 8424).

⁴ Effective January 1, 2018 to present (RA No. 10963).

income tax and even provides for tax holidays and other fiscal incentives to corporations.

As if that was not enough, the CREATE MORE Act or R.A. 12066 provides yet another round of corporate income tax deduction, lowering the corporate income tax from 35% prior to these two laws, to now only 20%.

It is no wonder that in this country, the rich become richer and the poor, poorer.

Even before the COVID-19 pandemic, there was already a dire need for additional tax revenues, especially for social services for the economically marginalized—such as food subsidies, health, education, housing, and protection for health workers. In 2020, the Department of Health for instance, already has an estimated annual shortfall of Php 200 billion for the implementation of the UHC priority programs until 2023.⁵

Moreover, according to the Philippine Development Plan 2023-2028, between 2011 and 2021, the country incurred Php 673.30 billion worth of damages and losses due to tropical cyclones alone.⁶ These are expected to increase, reaching up to 7.6 percent of the country's gross domestic product by 2030 and 13 percent by 2040.⁷ These incessant climate disasters alone could worsen poverty and inequality and have already been draining the nation's coffers.

For these reasons, Akbayan Partylist, together with Third World Network, Freedom from Debt Coalition, and NAGKAISA Labor Coalition, propose that the State exact contributions from individuals who could very well afford to contribute towards the welfare of ordinary Filipinos. Evidently, they and their ascendants have made their fortunes in this country through subsidies by the working people through low wages and low prices for agricultural produce of farmers and fisherfolks. The State has also been subsidizing the rich by spending considerable amounts of resources for healthcare and education for the working people who contribute immensely to the wealth of individuals sought to be taxed under this law.

⁵ DOH UHC MTEP, 2020.

⁶ The Social Sector (i.e., Housing, Education, Health and Nutrition, Culture, and Social Protection) contributed to 45.21% of the total amount of the loss and damage. This was followed by the Productive Sector (i.e., Agriculture and Fisheries, Industry, Trade, and Services, Tourism, and Mining) at 33.58% then Infrastructure (i.e., Transportation, Power Supply, Water Supply, Irrigation System, Telecom, Flood Control) at 11.13%. The Cross-cutting Sector (i.e., Governance & DRRM, Environment, Livelihood and Employment, Macroeconomic Assessment and Social Impact Assessment) contributed least to the country's loss and damage from 2011 to 2021 at only 10.09%.

⁷ World Bank Group. 2022. Philippines Country Climate and Development Report. CCDDR Series.
<https://www.worldbank.org/en/country/philippines/publication/philippines-country-climate-and-development-report>.

The revenues from this measure shall be earmarked for health care services provided by the State by contributing to the Universal Health Care Act or Republic Act No. 11223 and other government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones. It shall also provide additional funds for the education and training of medical students in public universities and the hiring of additional doctors for public hospitals. Likewise, a portion of the revenues shall be used to fund the People's Survival Fund (PSF) under Republic Act No. 10174, the Calamity Fund and the Quick Response Fund, to be used by the National Government and Local Government Units affected by man-made and natural disasters.

The marginalized sectors deserve all the support they need, especially during the aftermath of the pandemic and the onslaught of climate change disasters. This will allow them to live a life of dignity, thus placing them in a position to contribute even more to economic growth and the welfare of the entire country – thus benefitting every Filipino, including those who will be asked to pay the Solidarity Contribution.

For these reasons, it is clear that the passage of this bill is of utmost importance for all Filipinos.



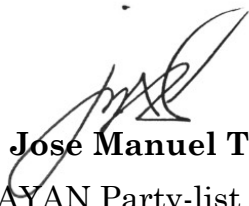
Rep. Percival Cendaña

AKBAYAN Party-list



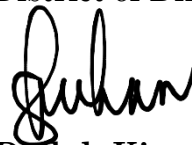
Rep. Kaka Bag-ao

Lone District of Dinagat Islands



Rep. Jose Manuel Tadeo "Chel" Diokno

AKBAYAN Party-list



Rep. Dadah Kiram Ismula

AKBAYAN Party-list

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House Bill No. **4304**

Introduced by AKBAYAN Representatives Percival Cendaña, Atty. Jose Manuel “Chel” Diokno, and Dadah Kiram Ismula and Dinagat Islands Representative Kaka Bag-ao

AN ACT IMPOSING SOLIDARITY CONTRIBUTION ON THE MOST AFFLUENT FILIPINOS FOR THE BENEFIT OF PUBLIC HEALTH AND CLIMATE CHANGE RESILIENCY

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

1 **SECTION 1. *Title.*** – This Act shall be known as “**Solidarity Contribution Act**
2 **of 2025.**”
3

4 **SECTION 2. *Definitions.*** – When used in this Act:
5

6 (A) The term “**person**” means a natural person who is a citizen of the Republic of the
7 Philippines, regardless of place of residence or citizenship in other countries;
8

9 (B) The term “**assets**” shall include a person's house; real property, and real estate;
10 shares of stock in corporations or other business entities, regardless of place of
11 incorporation, domicile or place of operations thereof, including warrants and/or
12 options to purchase shares of stock, as well as units of participation in a partnership,
13 joint stock companies, joint accounts, joint ventures taxable or otherwise as
14 corporations, associations and recreation or amusement clubs (such as golf, polo or
15 similar clubs), and mutual fund certificates; shares in partnerships, no matter how
16 created or organized; bank deposits; securities; bonds; treasury bills, central bank
17 bills; receivables, loan receivables, and other instruments of value; trusts; expected
18 insurance benefits; annuities; intangible properties; jewelries; and all other real and
19 personal properties and other things, tangible or intangible, that have value.
20

(C) The term "**taxpayer**" shall include a person liable or potentially liable for the payment of Solidarity Contribution, including those who had paid or have been assessed as liable for the payment thereof;

(D) The term "**liabilities**" shall include a person's loan payables, accounts payables, and all forms of indebtedness, but shall not include partly or wholly unavailed credit lines; and

(E) The term "**net worth**" shall mean a person's assets less liabilities.

SECTION 3. Amendment to the National Internal Revenue Code. – The Solidarity Contribution provided under this act shall form part of the internal revenues of the Republic of the Philippines. Consequently, the NIRC shall be amended to add

"Title III-A - Solidarity Contribution".

"Section 105. Solidarity Contribution Rates. – There shall be a Solidarity Contribution imposed on the net worth of each person as of December 31 of each year based on the following rates:"

	Over	But not over		Plus	In excess of
1	0.00	P 300,000,000		0.00%	
2	300,000,000	500,000,000	0	1.50%	300,000,000
3	500,000,000	700,000,000	3,000,000	1.75%	500,000,000
4	700,000,000	1,000,000,000	6,500,000	2.00%	700,000,000
5	1,000,000,000	1,300,000,000	12,500,000	2.25%	1,000,000,000
6	1,300,000,000	1,800,000,000	19,250,000	2.50%	1,300,000,000
7	1,800,000,000	2,500,000,000	31,750,000	2.75%	1,800,000,000
8	2,500,000,000		51,000,000	3.00%	2,500,000,000

"Section 106. Date of payment. – Based on her/his net worth as of December 31 of the previous year, each individual person liable for the payment of Solidarity Contribution, as provided in the table in Section 3, shall file with the Bureau of Internal Revenue not later than May 31 of each year a Solidarity Contribution Return, which shall reflect the total assets, liabilities, net worth of the previous year, and the amount of Solidarity Contribution payable. Upon filing of the return, the taxpayer concerned shall pay half of the amount due. Twenty-five (25%) shall be due on or before August 31, and the remaining 25% on or before November 30.

SECTION 4. Assessment and payment. – For purposes for assessing and collecting the Solidarity Contribution, the Bureau of Internal Revenue and the Commissioner of Internal Revenue shall exercise all of the pertinent powers of assessment and collection of income, estate, and donor's tax under the National Internal Revenue

Code and pertinent regulations, including the imposition of fines and penalties and the filing of criminal charges, and all other pertinent provisions of the NIRC.

Subject to the provisions of "SECTION 6. Disposition of revenues from the "Solidarity Contribution" under this Act and subject also to the rules and regulations to be issued by the Secretary of Finance and the Commissioner the Solidarity Contribution liability under this Act, provisional or final, shall be treated as income, estate, or donor's tax liability under the pertinent provisions of the NIRC, including the following: Title VIII - Remedies, Title IX - Compliance Requirements, and Title X - Statutory Offenses and Penalties.

SECTION 5. Remedies of the taxpayer. – Any taxpayer may avail any of the remedies provided by the pertinent provisions of the NIRC with respect to income, estate, and donor's tax, including regulations issued by the Bureau of Internal Revenue.

SECTION 6. Disposition of revenues from Solidarity Contribution. – The NIRC shall be amended as follows in order to provide in no uncertain terms that the revenues collected under this law shall be used exclusively for the following:

- “Section 289-B. Disposition of revenues from Solidarity Contribution. – Revenues collected under this law shall be used exclusively for the following:
1. Contribute to the funding of RA 11223 or the "Universal Health Care Act";
 2. Other government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones;
 3. Additional funds for the education and training of medical students in public universities and the hiring of additional doctors for public hospitals;
 4. Contribute to the “People’s Survival Fund” under RA No. 10174, the Calamity Fund, and the Quick Response Fund;
 5. Fund research initiatives focused on climate change adaptation, public health innovation, and disaster risk reduction; and
 6. Additional funds to the Local Government Units to immediate financial assistance to evacuees who would be displaced during a climate disaster.”

SECTION 7. Implementing Rules and Regulations. – The Secretary of Finance shall promulgate rules and regulations for the effective implementation of this Act.

SECTION 8. Repealing Clause. – All laws, decrees, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 9. *Separability Clause.* – If any section or provision of this Act shall be declared unconstitutional, other provisions not affected shall continue to be in full force and effect.

SECTION 10. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

APPROVED,