

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

Twentieth Congress
First Regular Session

HOUSE BILL NO. **4408**



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
ESTABLISHING A UNIVERSAL BASIC INCOME PROGRAM TO GUARANTEE A
MINIMUM LEVEL OF ECONOMIC SECURITY FOR ALL FILIPINOS,
PROVIDING ITS FUNDING SOURCES INCLUDING VAT ON DIGITAL
SERVICES, RATIONALIZING REGRESSIVE AND NON-TARGETED AYUDA
PROGRAMS AND ENTITLEMENTS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Article II, Section 9 of the 1987 Constitution declares that the State shall promote a just and dynamic social order that ensures 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.

Yet, as of 2024, one in every five Filipinos — or 19.9 percent of the population according to the Philippine Statistics Authority — still lives below the poverty threshold. Income inequality remains persistent: the top decile of households receives over 40 percent of national income, while the bottom decile receives less than two percent.

The country's fragmented system of social transfers has produced duplication, leakage, and inequities. Some programs are universal in form yet regressive in outcome — with wealthier households capturing a significant share of fuel subsidies, utility cross-subsidies, and statutory discounts and tax exemptions. At the same time, emergencies such as the COVID-19 pandemic revealed the difficulty of rapidly scaling targeted ayuda, leaving millions stranded without timely support.

This bill proposes a Universal Basic Income (UBI) Program, granting every Filipino citizen One Thousand Pesos (₱1,000.00) per month, regardless of employment or income status. This baseline income support serves three systemic functions:

1. **Anti-poverty and equity instrument.** UBI guarantees a minimum standard of living, reduces extreme poverty, and complements targeted programs such as the Pantawid

Pamilyang Pilipino Program (4Ps) and the Social Pension for Indigent Senior Citizens. It equalizes opportunity by ensuring every Filipino household has some level of economic security.

2. **Macroeconomic stabilizer.** UBI is counter-cyclical: when economic shocks occur — whether due to global oil price spikes, inflation surges, or disasters — the steady cash stream sustains household consumption, buffers aggregate demand, and reduces volatility.
3. **Systems rationalization.** UBI is funded in part through the **rationalization of non-targeted ayuda programs and entitlements** that disproportionately benefit wealthier groups. A National Inventory and Benefit-Incidence Analysis shall identify programs where the top thirty percent of households receive an excessive share of benefits, or where leakages and inefficiencies exceed acceptable thresholds. These programs shall sunset and be converted into targeted digital vouchers or UBI top-ups, with savings transferred into a **Universal Basic Income Trust Fund (UBITF)**.

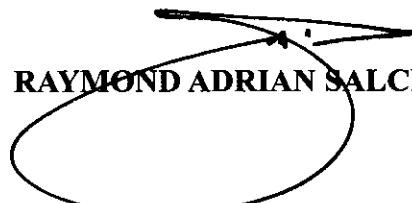
The program is further anchored in sustainable revenue sources. Specifically:

- **Digital economy taxation revenues** collected under **Title IV, Sections 105 and 108 of the National Internal Revenue Code of 1997, as amended**, which impose VAT on services rendered electronically and on digital platforms, whether by resident or non-resident providers.
- Incremental revenues from sin taxes, mining fiscal reforms, and carbon pricing mechanisms.
- Efficiency savings from subsidy rationalization and reduction of leakages through PhilSys-based targeting.

The program will be delivered through secure PhilSys-linked digital platforms overseen by the Bangko Sentral ng Pilipinas, ensuring transparency, accountability, and financial inclusion. The Department of Social Welfare and Development shall administer the program, with oversight and fiscal support from the Department of Finance, Department of Budget and Management, and the National Economic and Development Authority.

By guaranteeing ₱1,000 per month to every Filipino adult, while at the same time pruning inefficient subsidies, this bill ensures that fiscal resources are spent equitably, efficiently, and with maximum impact on poverty reduction, inflation resilience, and social cohesion.

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


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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 the “Universal Basic Income Act.”

SEC. 2. *Declaration of Policy.* It is the policy of the State to guarantee a basic level of income security for all Filipino citizens; reduce poverty and vulnerability to shocks; rationalize fragmented and non-targeted subsidies; and fund income support in a transparent, progressive, and fiscally sustainable manner consistent with national development goals.

SEC. 3. *Definition of Terms.* As used in this Act:

- (a) Universal Basic Income (UBI) refers to a regular, unconditional cash transfer of fixed nominal value provided by the State to all eligible Filipino citizens.
- (b) Digital economy refers to the production, distribution, and consumption of goods and services transacted through digital platforms, including digital service providers and electronic marketplaces.
- (c) Non-targeted subsidy or entitlement refers to any transfer, discount, tax expenditure, price control, cross-subsidy, or publicly funded privilege not conditioned on income, poverty, or vulnerability criteria.
- (d) Indigent refers to individuals or households meeting income and vulnerability thresholds as determined by the Department of Social Welfare and Development (DSWD), using the Community-Based Monitoring System (CBMS) and the Listahanan or successor systems.

(e) PhilSys refers to the Philippine Identification System.

(f) UBI Trust Fund (UBITF) refers to the special account in the General Fund created under this Act to hold dedicated UBI funding flows.

SEC. 4. *Establishment of the Universal Basic Income Program.* There is hereby established a Universal Basic Income Program under which every Filipino citizen who is at least eighteen (18) years of age shall receive a regular, unconditional cash grant from the national government.

SEC. 5. *Eligibility and Coverage.* All Filipino citizens aged eighteen (18) years and above, whether employed, self-employed, or unemployed, and whether residing in the Philippines or temporarily abroad but maintaining Philippine tax residency, shall be covered, subject to registration under PhilSys. Persons deprived of liberty shall accrue UBI but its access shall be governed by rules of the Bureau of Corrections and the Bureau of Jail Management and Penology for their basic needs.

SEC. 6. *Amount of the Grant; Indexation and Review.* The grant shall be One Thousand Pesos (₱1,000.00) per month per eligible person. Congress shall review the amount every three (3) years, guided by inflation, fiscal capacity, poverty thresholds, and labor market conditions. The National Economic and Development Authority (NEDA) shall recommend adjustments.

SEC. 7. *Payment and Delivery Mechanism.* – The DSWD shall administer UBI, in coordination with the Department of Finance (DOF), Department of Budget and Management (DBM), Bangko Sentral ng Pilipinas (BSP), and the Philippine Statistics Authority (PSA). Transfers shall be made through PhilSys-linked digital accounts with government financial institutions and accredited financial service providers, including banks and e-money issuers. The BSP shall ensure financial inclusion, security, and interoperability. UBI shall be withdrawable in cash and usable for digital payments without fees charged to beneficiaries.

SEC. 8. *Funding Sources.* The Program shall be funded by:

(a) Value-Added Tax (VAT) on digital services pursuant to Title IV, Sections 105 and 108 of the National Internal Revenue Code of 1997, as amended (NIRC), including collections from resident and non-resident digital service providers required to register and remit VAT;

(b) Earmarked portions of incremental excise revenues from alcohol, tobacco, heated tobacco, vapor products, and sugar-sweetened beverages;

(c) Earmarked portions of revenues from mining fiscal reforms and carbon pricing mechanisms, as may be enacted;

(d) Dividends from government-owned or -controlled corporations in excess of the baseline required by law;

(e) Proceeds from the rationalization and conversion of non-targeted subsidies and entitlements under Sections 10 to 12 of this Act; and

(f) Annual appropriations under the General Appropriations Act (GAA).

SEC. 9. *Universal Basic Income Trust Fund (UBITF)*. There is hereby created a Universal Basic Income Trust Fund, a special account in the General Fund, to receive and hold the revenues enumerated in Section 8. The UBITF shall be used exclusively to finance UBI grants and reasonable administrative costs not exceeding two percent (2%) of total annual UBI disbursements. The Bureau of the Treasury shall manage the UBITF; the Commission on Audit shall conduct annual audits.

SEC. 10. *National Inventory and Benefit-Incidence Review of Ayuda Programs and Entitlements*. Within one hundred twenty (120) days from effectivity, the DOF, DBM, DSWD, and NEDA, with technical support from the PSA, shall publish a National Inventory of all budgetary subsidies, discounts, tax expenditures, price controls, and cross-subsidies constituting ayuda or entitlements. The Inventory shall include a Benefit-Incidence Analysis by income decile, administrative leakage and duplication metrics, and unit cost of transfer reaching the poorest forty percent (bottom four income deciles).

SEC. 11. *Regressivity and Inefficiency Tests*. A program or entitlement shall be regressive or inefficient if any of the following is established by the Benefit-Incidence Analysis:

- (a) The top thirty percent (30%) of households receive twenty percent (20%) or more of total benefits; or
- (b) Administrative leakage and duplication exceed ten percent (10%) of total program cost; or
- (c) The cost to deliver one (1) peso of benefit to the poorest forty percent (40%) exceeds two (2) pesos of total program cost.

SEC. 12. *Sunset and Conversion of Non-Targeted Programs*.

(a) Automatic Sunset. Programs and entitlements failing any test in Section 11 shall sunset twelve (12) months after publication of the Inventory unless the concerned agency obtains a Congressional exemption by joint resolution.

(b) Conversion to Targeted Digital Vouchers or UBI Top-Ups. Sunsetting programs shall be converted into:

- (1) Means-tested digital vouchers credited monthly to indigent beneficiaries identified through PhilSys-CBMS; or
- (2) UBI top-ups in disaster or shock periods, automatically triggered by a declaration of a State of Calamity or National Emergency and calibrated by NEDA and DSWD rules.

(c) Budgetary and Tax-Expenditure Savings. All savings from the sunset or conversion of non-targeted programs, including reduced tax-expenditure claims, shall accrue to the UBITF.

(d) E-Invoicing Compliance for Reimbursements. Beginning on the fifteenth (15th) month from effectivity, reimbursements or tax deductions for statutory discounts shall

be allowed only if supported by PhilSys-verified, electronic invoices issued through systems accredited by the Bureau of Internal Revenue.

SEC. 13. *Specific Areas for Rationalization.* Without prejudice to the Inventory's results, the following categories are prioritized for review and conversion under Sections 10 to 12:

- (a) Statutory universal price discounts and VAT exemptions not conditioned on indigency or income (e.g., broad mandatory discounts where the fisc participates via tax expenditure), which shall be retained for indigent beneficiaries and converted to targeted digital vouchers for others;
- (b) Non-targeted fare or fuel subsidies not restricted by income or vulnerability criteria, which shall be targeted using PhilSys-CBMS and transport registry data;
- (c) Cross-subsidies in utilities that are not aligned with the lifeline or indigency definitions under the Electric Power Industry Reform Act and related issuances, to be retargeted using CBMS; and
- (d) Duplicative emergency cash programs that can be subsumed under the UBI top-up mechanism in disaster periods.

Nothing in this section shall diminish benefits precisely intended for the poor, such as the Pantawid Pamilyang Pilipino Program (4Ps) and the Social Pension for Indigent Senior Citizens, which shall continue and be complementary to UBI.

SEC. 14. *Protection of the Poor and Vulnerable; Complementarity with Targeted Programs.* UBI shall complement and shall not replace: the 4Ps, the Social Pension for Indigent Senior Citizens, disability support, and other targeted programs for the bottom income deciles. Where a sunset or conversion under Sections 12 and 13 affects a vulnerable group, the agency shall ensure no-detriment through a functionally equivalent targeted benefit.

SEC. 15. *Anti-Duplication and Data Governance.* The DSWD shall maintain a secure, privacy-compliant registry of UBI recipients, interoperable with PhilSys and CBMS, and shall implement deduplication protocols. Agencies shall share necessary data pursuant to data-sharing agreements aligned with the Data Privacy Act.

SEC. 16. *Monitoring, Evaluation, and Reportorial Requirements.* The DOF and NEDA shall submit to Congress an annual UBI Impact Report evaluating poverty reduction, consumption smoothing, labor market participation, and inflation resilience; and a Rationalization Progress Report quantifying savings credited to the UBIF. The Commission on Audit shall publish an annual UBI and UBIF Audit.

SEC. 17. *Implementing Rules and Regulations (IRR).* Within ninety (90) days from effectivity, the DOF, DBM, DSWD, BSP, NEDA, PSA, and BIR shall promulgate the IRR. The IRR shall include (a) VAT registration and compliance rules for resident and non-resident digital service providers under NIRC Title IV, Sections 105 and 108, (b) Inventory and benefit-incidence methodologies, and (c) voucher and UBI top-up triggers and delivery standards.

SEC. 18. *Appropriations.* The initial requirements for the UBI Program shall be charged against the current appropriations of implementing agencies, without prejudice to supplemental

appropriations. Thereafter, such amounts as may be necessary shall be included in the annual GAA, supplemented by inflows to the UBITF.

SEC. 19. *Separability Clause.* If any provision of this Act is declared unconstitutional, the remainder shall not be affected thereby.

SEC. 20. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, and parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 21. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,