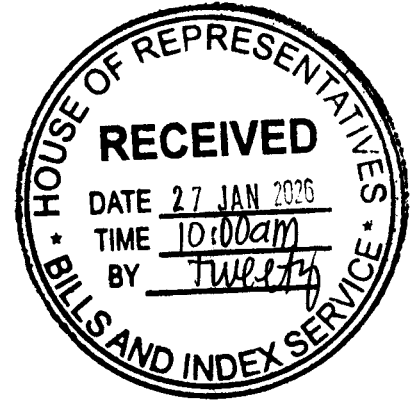


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 7387



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
AMENDING SECTION 32(B) OF THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED, TO EXCLUDE FROM GROSS INCOME THE HONORARIA
AND ALLOWANCES RECEIVED BY MEMBERS OF THE BOARD OF ELECTION
INSPECTORS AND OTHER ELECTION WORKERS FOR SERVICES RENDERED
DURING ELECTIONS

EXPLANATORY NOTE

The conduct of free, fair, and credible elections is fundamental to our democratic system. At the heart of every election are the members of the Board of Election Inspectors (BEIs) and other election workers who serve at the precinct level, ensuring that every Filipino can exercise the right to vote.

These public school teachers and government employees who serve as BEI members perform critical functions during elections: they safeguard the integrity of the voting process, assist voters, operate vote-counting machines, and transmit election results. Their duties often extend beyond regular working hours, requiring them to report early in the morning and stay until the early hours of the following day to complete the canvassing of votes.

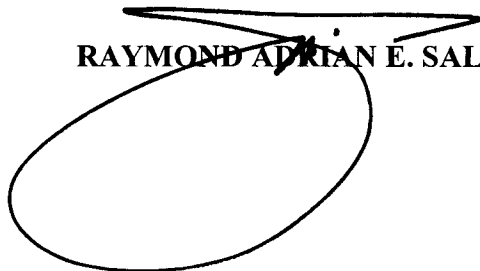
In recognition of their service, BEI members receive honoraria from the Commission on Elections (COMELEC). However, under current tax laws, these honoraria are considered part of gross income and are therefore subject to income tax. This effectively reduces the net compensation that these dedicated public servants receive for their essential role in our electoral process.

Section 32(B)(6)(a) of the National Internal Revenue Code of 1997, as amended, already excludes from gross income certain benefits received from the Government Service Insurance System (GSIS) and the Social Security System (SSS). This policy recognizes that benefits from social insurance institutions are in the nature of social protection, not compensation for services.

This bill seeks to extend similar treatment to honoraria and allowances received by BEI members and other election workers. The honoraria they receive are not regular compensation but

rather a token recognition of their civic duty and sacrifice in serving the nation during elections. Exempting these honoraria from income tax would provide a meaningful incentive for continued public service and acknowledge the vital role these workers play in preserving our democracy.

The approval of this bill is earnestly sought.


RAYMOND ADRIAN E. SALCEDA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. ~~7387~~

Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
AMENDING SECTION 32(B) OF THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED, TO EXCLUDE FROM GROSS INCOME THE HONORARIA
AND ALLOWANCES RECEIVED BY MEMBERS OF THE BOARD OF ELECTION
INSPECTORS AND OTHER ELECTION WORKERS FOR SERVICES RENDERED
DURING ELECTIONS

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 "Election Workers Honoraria Tax Exemption Act."

SEC. 2. Section 32(B)(6)(a) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 32. Gross Income. –

"x x x

"(B) Exclusions from Gross Income. – The following items shall not be included in gross income and shall be exempt from taxation under this Title:

"x x x

"(6) Retirement Benefits, Pensions, Gratuities, etc. –

"(a) Retirement benefits received under Republic Act No. 7641 and those received by officials and employees of private firms, whether individual or corporate, in accordance with a reasonable private benefit plan maintained by the employer: Provided, That the retiring official or employee has been in the service of the same employer for at least ten (10) years and is not less than fifty (50) years of age at the time of his retirement: Provided, further, That the benefits granted under this subparagraph shall be availed of by an

official or employee only once. For purposes of this Subsection, the term 'reasonable private benefit plan' means a pension, gratuity, stock bonus or profit-sharing plan maintained by an employer for the benefit of some or all of his officials or employees, wherein contributions are made by such employer for the officials or employees, or both, for the purpose of distributing to such officials and employees the earnings and principal of the fund thus accumulated, and wherein it is provided in said plan that at no time shall any part of the corpus or income of the fund be used for, or be diverted to, any purpose other than for the exclusive benefit of the said officials and employees.

"Any amount received by an official or employee or by his heirs from the employer as a consequence of separation of such official or employee from the service of the employer because of death, sickness or other physical disability or for any cause beyond the control of the said official or employee.

"The provisions of any existing law to the contrary notwithstanding, social security benefits, retirement gratuities, pensions and other similar benefits received by resident or nonresident citizens of the Philippines or aliens who come to reside permanently in the Philippines from foreign government agencies and other institutions, private or public.

"Benefits received from the Government Service Insurance System (GSIS), the Social Security System (SSS), and the Philippine Health Insurance Corporation (PhilHealth): Provided, That the exclusion of PhilHealth benefits shall be subject to the following conditions:

"(i) The benefits are received by healthcare workers, referring to nurses, midwives, medical technologists, radiologic technologists, physical therapists, occupational therapists, respiratory therapists, pharmacists, nutritionist-dietitians, barangay health workers, and other allied health professionals accredited by or registered with PhilHealth;

"(ii) The benefits are in the nature of allowances, support funds, or incentives for participation in the National Health Insurance Program, including health human resource support funds, performance-based incentives, hazard allowances, and service delivery support; and

"(iii) The benefits do not include professional fees for medical, surgical, or other professional services rendered to patients, whether billed directly by the healthcare professional or through a healthcare facility, hospital, or clinic, which shall remain subject to applicable taxes under this Code.

"HONORARIA AND ALLOWANCES RECEIVED BY MEMBERS OF THE BOARD OF ELECTION INSPECTORS (BEIs), SUPPORT STAFF, AND OTHER ELECTION WORKERS FROM THE COMMISSION ON ELECTIONS (COMELEC) FOR SERVICES RENDERED DURING NATIONAL OR LOCAL ELECTIONS, PLEBISCITES, REFERENDA, RECALL ELECTIONS, AND OTHER ELECTORAL EXERCISES: PROVIDED, THAT THE EXCLUSION SHALL COVER:

"(I) HONORARIA FOR BEI CHAIRPERSONS, POLL CLERKS, AND THIRD MEMBERS;

"(II) HONORARIA FOR TECHNICAL SUPPORT STAFF, INCLUDING DATA ENCODERS, IT PERSONNEL, AND TRANSMISSION OPERATORS;

"(III) MEAL, TRANSPORTATION, AND OTHER ALLOWANCES DIRECTLY RELATED TO ELECTION DUTY; AND

"(IV) SUCH OTHER COMPENSATION OR ALLOWANCES AS MAY BE GRANTED BY COMELEC FOR ELECTION-RELATED SERVICES.

"x x x"

SEC. 3. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, in coordination with the Commission on Elections, shall promulgate the necessary rules and regulations to implement this Act.

SEC. 4. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed 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,