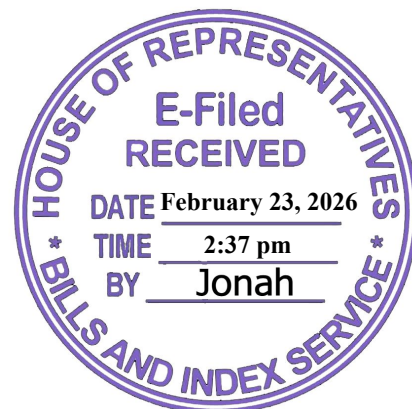


REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 7952



Introduced by **HONORABLE RAMON JOLO B. REVILLA III**

AN ACT
AMENDING SECTIONS 24 & 32 OF REPUBLIC ACT NO. 8424,
OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 10963,
OTHERWISE KNOWN AS THE TAX REFORM FOR ACCELERATION
AND INCLUSION ACT

EXPLANATORY NOTE

The rising cost of living in the Philippines is no longer a statistic metric. It is a daily reality for millions of Filipinos. Accordingly, inflation has shown a persistent upward trend wherein housing, utilities, good, and services reach exacerbating levels. Our inflation rate rose to 2.0% in January 2026, up from 1.8% in December 2025.¹ The continuing costs of services and household maintenance are constantly increasing due to global supply chain pressures and high energy costs. Further, recent data provided by the Bangko Sentral ng Pilipinas (BSP) showed that the overall consumer price index (CPI) as of January

¹ Manila Standard. Philippines inflation quickened to 2.0% in January 2026. Information retrieved from https://manilastandard.net/business/314700013/philippines-inflation-quickened-to-2-0-in-january-2026.html#google_vignette. Dated 2026 February 5

2026 was 131.0, as compared to 100.00 in 2018.² In stark comparison, the purchasing power of P100.00 back in 2018 is now only at P76.00.³

For ordinary Filipinos, the substantial reduction of the purchasing power of the peso equates to reduced take-home pay. As restricted by the current threshold in the TRAIN Law, such circumstances put the public in worrisome financial burden. Therefore, it is only apt to provide financial relief for working Filipinos.

This measure seeks to amend Sections 24 and 32 of Republic Act No. 8424, otherwise known as the Internal Revenue Code of 1997, as amended by Republic Act No. 10963, or the TRAIN Law. It shall increase the annual income tax exemption from the current P250,000.00 to P400,000.00, as well as increasing the cap of the tax-free bonuses from P90,000.00 to P150,000.00.

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


RAMON JOLO B. REVILLA III

² Bangko Sentral ng Pilipinas. Consumer Price Index, Inflation Rate and Purchasing Power of the Peso. Data retrieved from https://www.bsp.gov.ph/Statistics/Prices/tab33_cpi_2018.aspx.

³ Ibid.

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AND INCLUSION ACT

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

SECTION 1. Section 24 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“Sec. 24. *Income Tax Rates.* –

A. *Rates of Income Tax on Individual Citizen and Individual Citizen and Individual Resident Alien of the Philippines.* –

1. x x x

2. *Rates of Tax on Taxable Income of Individuals.* – The tax shall be computed in accordance with and at the rates established in the following schedule:

~~[(a) Tax Schedule Effective January 1, 2018 until December 31, 2022:~~

Not over P250,000.....	0%
Over P250,000 but not over P400,000.....	20% of the excess over P250,000
Over P400,000 but not over P800,000.....	P30,000 + 25% of the excess of P400,000
Over P800,000 but not over P2,000,000.....	P130,000 + 30% of the excess over P800,000
Over P2,000,000 but not over P8,000,000....	P490,000 + 32% of the excess over P2,000,000
Over P8,000,000.....	P2,410,000 + 35% of the excess over P8,000,000

Tax Schedule Effective January 1, 2023 and onwards:

Not over P250,000.....	0%
Over P250,000 but not over P400,000.....	15% of the excess over P250,000
Over P400,000 but not over P800,000.....	P22,500 + 20% of the excess of P400,000
Over P800,000 but not over P2,000,000.....	P102,500 + 25% of the excess over P800,000

Over P2,000,000 but not over P8,000,000....	P402,500 + 30% of the excess over P2,000,000
Over P8,000,000.....	P2,202,500 + 35% of the excess over P8,000,000
 NOT OVER P400,000.....	0%
OVER P400,000 BUT NOT OVER P650,000.....	15% OF THE EXCESS OVER P400,000
OVER P650,000 BUT NOT OVER P1,300,000.....	P37,500 + 20% OF THE EXCESS OF P650,000
OVER P1,300,000 BUT NOT OVER P3,200,000.....	P167,500 + 25% OF THE EXCESS OVER P1,300,000
OVER P3,200,000 BUT NOT OVER P12,800,000.....	P642,500 + 30% OF THE EXCESS OVER P3,200,000
OVER P12,800,000	P3,522,500 + 35% OF THE EXCESS OVER P12,800,000

Sec. 2. Section 32 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. – x x x

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

(1) Life Insurance. – x x x

x x x

(7) Miscellaneous Items. – x x x

(a) Income Derived by Foreign Government. – x x x

x x x

(e) 13th Month Pay and Other Benefits. – Gross benefits received by officials and employees of public and private entities: Provided, however, That the total exclusion under this subparagraph shall not exceed [~~Ninety~~] **ONE HUNDRED FIFTY** thousand Pesos [~~(P90,000)~~] **(P150,000)** which shall cover:

x x x

SEC. 3. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 4. *Separability Clause.* – If any section or provision of this Act shall be declared invalid or unconstitutional, the remaining sections or provisions of this Act shall not be affected by such declaration and shall remain in force and effect.

SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,