

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Batasan Hills, Quezon City

4
5
6 **TWENTIETH CONGRESS**
7 Second Regular Session



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9
10 **HOUSE BILL No. 10161**
11

12 -----
13 Introduced by
14 **ACT Teachers Party-List Rep. ANTONIO L. TINIO,**
15 **Gabriela Women's Party Rep. SARAH JANE I. ELAGO,**
16 **and KABATAAN Party-List Rep. RENEE LOUISE M. CO**
17 -----

18
19 **AN ACT**
20 **LOWERING THE RATES OF TAX ON TAXABLE INCOME OF**
21 **INDIVIDUALS, AMENDING SECTION 24 OF REPUBLIC ACT 8424,**
22 **OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE**
23 **OF 1997, AS AMENDED**
24

25
26 **EXPLANATORY NOTE**
27

28 Poverty wages and regressive taxation is a deadly combination. The Philippine
29 government has long denied the Filipino workers of their constitutional right to living
30 wage. Instead, the government automatically sided with capitalists to maintain
31 workers' wages low with periodic token hikes to stifle dissent. To make the lives of
32 the Filipinos worse, President Marcos, Jr. set as priority measures of his
33 administration legislation that further increased consumer taxes.
34

35 Individual taxpayers are the ones who paid the revenues lost due to the
36 reduction of corporate income tax. Seven years after the effectivity of Republic Act
37 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2018, the
38 share of individual tax collections increased by 5%—from 32% to 37%. In the same
39 period, the share of corporate income tax dropped by 5%—from 21% to 16%. With
40 the passage of other priority fiscal reforms of the Marcos, Jr. administration, such as
41 CREATE, CREATE More, and Digital Tax and Capital Markets Efficiency Promotion
42 Act, ordinary Filipinos bear heavier tax burdens while also suffering from low wages,
43 rising prices of goods and services and worsening poverty.
44

45 From data collected by the Congressional Policy and Budget Research
46 Department (CPBRD) from BIR Reports (as of March 2025), the Bureau of Internal

1 Revenue's estimates of additional value-added tax (VAT) collections due to the
2 TRAIN Law are ₱12.7 billion, ₱11.9 billion, and ₱15.3 billion in 2022, 2023, and
3 2024. Additional and new excise taxes brought on by various laws, meanwhile, run
4 up to additional ₱55.9 billion, ₱59.7 billion, and ₱98.2 billion. These do not include
5 the excise taxes on petroleum products and coal collected by the Bureau of Customs.
6 Since VAT and excise taxes are passed-on impositions applied uniformly regardless
7 of income, they disproportionately affect low- and middle-income and wage earners
8 who spend a greater portion of their earnings on goods and services.

9
10 Data from the CPBRD also shows that the government lost more revenue from
11 corporate income taxes foregone by CREATE in those three years than the personal
12 income taxes lowered by the TRAIN Law in the same three-year period—a total of
13 ₱230.4 billion compared to ₱213.4 billion. In other words, the government gave,
14 through its so-called tax reform laws, more tax relief to domestic and foreign
15 corporations than it did for workers and employees in both public and private sectors.¹
16 Those who have less in life are favored less by law.

17
18 Amid high inflation rate and rising cost of goods and services, there is a need
19 for a substantial wage hike and a periodic adjustment of the income tax rates on
20 individuals. Workers who are previously exempted are now being covered by income
21 tax even without any actual improvement of their economic conditions. For example,
22 Salary Grade 11 government employees, including entry-level public school teachers,
23 were once exempted from individual income tax. However, since 2020, they are now
24 also paying income tax because their annual net taxable income exceeded 250,000.
25 Currently with the third tranche of the Salary Standardization Law VI, only Salary
26 Grade 6, step 8 government employees, who are earning just ₱20,761 per month, are
27 covered by this tax exemption.

28
29 The government has no moral authority to impose income taxes to workers
30 who are earning below the living wage. Currently, IBON Foundation estimates that a
31 family of five needs a family living wage of ₱1,301 per day to live decently.
32 Meanwhile, the Confederation for Unity, Recognition and Advancement of
33 Government Employees (COURAGE) calls to increase the national minimum salary
34 of government employees to ₱36,000 per month.

35
36 This Bill seeks to exempt all those earning a basic salary of ₱500,000 per
37 annum or around ₱41,667 per month and below from paying income taxes. It also
38 seeks to mandate the Commissioner on Internal Revenue to adjust the tax schedules
39 once every three years after 2027. Moreover, the Makabayan Bloc, alongside the
40 Filipino people, are calling for the immediate reversal of regressive taxation policies.
41 Instead of squeezing the pockets of the poor and ordinary Filipinos dry, the
42 government should instead impose higher taxes against the rich, especially the
43 billionaires and large corporations, who have the capacity to pay.

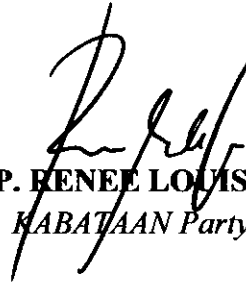
1 In this regard, the immediate approval of this Bill is earnestly sought.
2



REP. ANTONIO L. TINIO
ACT Teachers Party-List



REP. SARAH JANE I. ELAGO
Gabriela Women's Party



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26 *Be it enacted by the Senate and House of Representatives of the Philippines in*
27 *Congress assembled:*
28

29 **SEC. 1.** This Act shall be known as the ***Tax Reform Act for Middle Income Earners***
30 ***(TRAM).***
31

32 **SEC. 2.** Section 24 of Republic Act 8424, as amended, otherwise known as the
33 National Internal Revenue Code of 1997, is hereby further amended to read as follows:
34

35 SEC. 24. *Income Tax Rates.* -
36

37 (A) *Rates of Income Tax on Individual Citizen and Individual Resident Alien of*
38 *the Philippines.* -
39

40 (1) x x x:
41

42 x x x
43

44 (2) *Rates of Tax on Taxable Income of Individuals.* - The tax shall be computed
45 in accordance with and at the rates established in the following schedule:
46

[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 over 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..... P130,000 + 32% of the excess over P2,000,000]

[Over P8,000,000.....P2,410,000 + 32% 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 over 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 P500,000 0%

OVER P500,000 BUT NOT OVER P800,000 15% OF THE EXCESS OVER P500,000

OVER P800,000 BUT NOT OVER P1,600,000 P45,000 + 20% OF THE EXCESS OVER P800,000

OVER P1,600,000 BUT NOT OVER P2,800,000 P182,500 + 25% OF THE EXCESS OVER P1,600,000

1
2 **OVER P2,800,000 BUT NOT OVER P8,800,000 P402,500 + 30% OF**
3 **THE EXCESS OVER P2,800,000**

4
5 **OVER P8,800,000 P2,202,500 + 35% OF THE**
6 **EXCESS OVER P12,800,000**

7
8 **PROVIDED, THAT AFTER 2027, THE TAXABLE INCOME LEVELS**
9 **IN THE ABOVE SCHEDULE SHALL BE ADJUSTED ONCE EVERY**
10 **THREE (3) YEARS BY THE SECRETARY OF FINANCE UPON**
11 **RECOMMENDATION OF THE COMMISSIONER OF INTERNAL**
12 **REVENUE BASED ON THE PREVAILING CONSUMER PRICE**
13 **INDEX.**

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15 X X X

16
17 *(b) Rate of Tax on Income of Purely Self-employed Individuals and/or*
18 *Professionals Whose Gross Sales or Gross Receipts and Other Non-operating*
19 *Income Does Not Exceed the Value-added Tax (VAT) Threshold as Provided in*
20 *Section 109 (BB). – Self-employed individuals and/or professionals shall have*
21 *the option to avail of an eight percent (8%) tax on gross sales or gross receipts*
22 *and other non-operating income in excess of [Two hundred fifty thousand*
23 *pesos (P250,000)] FIVE HUNDRED THOUSAND PESOS (P500,000) in*
24 *lieu of the graduated income tax rates under Subsection (A) (2) (a) of this*
25 *Section and the percentage tax under Section 116 of this Code.*

26
27 X X X

28
29 **SEC. 3. Additional Personal Exemption for Dependents.** There shall be allowed
30 for individual citizens an additional exemption of Twenty-Five Thousand Pesos
31 (P25,000) for each dependent not exceeding five (5).
32

33 The additional exemption for dependents shall be claimed by only one of the
34 spouses in the case of married individuals. In the case of legally separated spouses,
35 additional exemptions may be claimed only by the spouse who has custody of the
36 child or children: *Provided*, that the total amount of additional exemptions that may be
37 claimed by both shall not exceed the maximum additional exemptions herein allowed.
38

39 For purposes of this subsection, the cap for the number of dependents shall
40 apply for solo parents as defined in Republic Act 11861 or the Expanded Solo Parents
41 Welfare Act: *Provided*, that the children are qualified as dependents; *Provided further*,
42 that children with special needs shall also be considered as qualified dependents and
43 will not be counted for the limit in the number of dependents.
44

45 For purposes of this Act, a “dependent” means a legitimate, illegitimate or
46 legally adopted child chiefly dependent upon and living with the taxpayer if such

1 dependent is not more than twenty-one (21) years of age, unmarried and not gainfully
2 employed or if such dependent, regardless of age, is incapable of self-support because
3 of mental or physical disability. Individual citizens may also claim as dependents (1)
4 their senior citizen parents or relatives, not exceeding two (2), and (2) their parents,
5 children, and relatives who are persons with disability, not exceeding two (2).

6
7 **SEC. 4. *Separability Clause.*** – If any provisions of this Act is declared invalid or
8 unconstitutional, other provisions hereof which are not affected thereby shall continue
9 to be in full force and effect.

10
11 **SEC. 5. *Repealing Clause.*** – All laws, orders, issuances, rules and regulations or part
12 thereof inconsistent with the provisions of this Act are hereby repealed, amended or
13 modified accordingly.

14
15 **SEC. 6. *Effectivity.*** – This Act shall take effect fifteen days (15 days) after its
16 complete publication in at least two (2) newspapers of general circulation.

17
18
19 *Approved,*