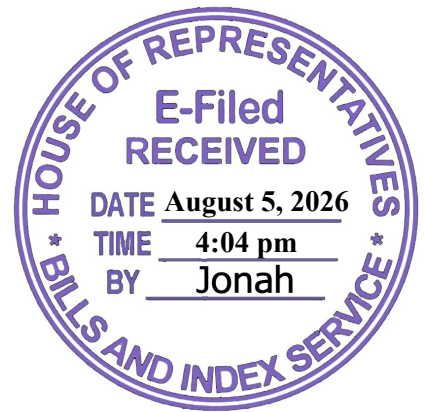


**TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)**

**HOUSE OF REPRESENTATIVES
H.B. NO. 10647**



**INTRODUCED BY REPRESENTATIVE EMMARIE “LOLYPOP” OUANO-
DIZON**

**AN ACT
RESTRUCTURING THE INDIVIDUAL INCOME TAX RATES OF
CITIZENS AND RESIDENT ALIENS, AMENDING FOR THE PURPOSE
SECTION 24 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997,
AS AMENDED**

EXPLANATORY NOTE

The Constitution mandates that the rule of taxation shall be uniform and equitable, and that Congress shall evolve a progressive system of taxation. Individual income taxes should therefore reflect prevailing economic realities and ensure that the tax burden imposed on Filipino workers remains fair, reasonable, and responsive to rising costs of living.

Persistent inflation and increasing household expenses have gradually diminished the value of tax reductions. As wages rise merely to keep pace with inflation, many workers are pushed into higher tax brackets without a corresponding increase in their real purchasing power.

This measure seeks to reduce the minimum taxable income threshold to Three Hundred Fifty Thousand Pesos (Php 350,000.00). This adjustment aims to ensure that low- and middle-income earners are not unduly burdened by income taxation and that the tax system remains responsive to current economic conditions.

By lowering the minimum threshold, this proposal seeks to provide meaningful tax relief, increase take home pay, strengthen the purchasing power of Filipino families, and stimulate domestic consumption. In turn, increased consumer

spending is expected to support business growth, generate employment, and contribute to sustained economic development while preserving the progressive character of the country's tax system. The proposal likewise promotes a more equitable distribution of the tax burden by ensuring that taxation better reflects taxpayer's actual capacity to pay.

In view of the foregoing, we urge the swift passage of this measure.

A handwritten signature in black ink, appearing to read 'Emmarie Duano-Dizon', with a stylized flourish at the end.

EMMARIE “LOLYPOP” DUANO-DIZON



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

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **10647**

INTRODUCED BY **REPRESENTATIVE EMMARIE “LOLYPOP” OUANO-DIZON**

AN ACT
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SECTION 24 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997,
AS AMENDED

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, as amended, is hereby further amended as follows:

Sec. 24. Income Tax Rates. –

(A) Rates of Income Tax on Individual Citizen and Individual Resident Aliens of the Philippines. –

(1) An income tax is hereby imposed

- (a) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within and without the Philippines by every individual citizen of the Philippines residing therein;
- (b) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual citizen of the Philippines who is residing outside the Philippines including overseas contract workers referred to in Subsection (C) of Section 23 hereof; and
- (c) On the taxable income defined in Section 31 of this Code, other than income subject to tax under Subsections (B), (C), and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual alien who is a resident of the Philippines.

(2) Rates of Tax on Taxable Income of Individual. – 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:

xxx

Tax Schedule Effective January 1, 2023 [and onwards]
UNTIL DECEMBER 31, 2027:

xxx

TAX SCHEDULE EFFECTIVE JANUARY 1, 2027 AND ONWARDS

TAXABLE INCOME	INCOME TAX DUE
NOT OVER P350,000	0%

OVER P350,000 BUT NOT OVER P400,000	15% OF THE EXCESS OVER P350,000
OVER P400,000 BUT NOT OVER P800,000	P7,500 + 20% OF THE EXCESS OVER P400,000
OVER P800,000 BUT NOT OVER P2,000,000	P87,500 + 25% OF THE EXCESS OVER P2,000,000
OVER P2,000,000 BUT NOT OVER P8,000,000	P387,000 + 30% OF THE EXCESS OVER P2,000,000
OVER P8,000,000	P2,187,500 + 35% OF THE EXCESS OVER P8,000,000

For married individuals, the husband and wife, subject to the provision of Section 51(D) hereof, shall compute separately their individual income tax based on their respective total taxable income: Provided, that if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

Provided, that minimum wage earners as defined in Section 22(HH) of this Code shall be exempt from the payment of income tax on their taxable income: Provided, further, that the holiday pay, overtime pay, night shift differential pay and hazard pay received by such minimum wage earners shall likewise be exempt from income tax.

- (b) Rate of Tax on Income of Purely Self-employed individuals and/or Professionals whose Gross Sales or Gross Receipts and Other Non-Operating Income does not exceed the Value-Added Tax (VAT) Threshold as Provided in Section 109(BB). – Self-employed individuals and/or Professionals shall have the option to avail of an eight percent (8%) tax on gross sales or gross receipts and other non-operating income

in excess of [Two hundred fifty thousand pesos (P250,000)] **THREE HUNDRED FIFTY THOUSAND PESOS (P350,000)** in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.

(c) Rate of Tax for Mixed Income Earners. – Taxpayers earning both compensation income and income from business or practice of profession shall be subject to the following taxes:

(1) All Income from Compensation – The rate prescribed under Subsection (A)(2)(a) of this Section.

(2) All Income from Business or Practice of Profession –

a. If Total Gross Sales and/or Gross Receipts and Other Non-Operating Income Do Not Exceed the VAT Threshold as Provided in Section 109(BB) of this Code. – The rates prescribed under Subsection (A)(2)(a) of this Section on taxable income, or eight percent (8%) income tax based on gross sales or gross receipts and other non-operating income in lieu of the graduated income tax rates under Subsection (A)(2)(a) of this Section and the percentage tax under Section 116 of this Code.

b. If Total Gross Sales and/or Gross Receipts and Other Non-Operating Income Exceeds the VAT Thresholds Provided in Section 109 (BB) of this Code. – The rates prescribed under Subsection (A)(2)(a) of this Section.

(B) Rate of Tax on Certain Passive Income: -

xxx.”

Section 2. Separability Clause. – If any provision or part of this Act is declared invalid or unconstitutional, such declaration shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the case, whereas the parts or provisions not affected thereby shall remain in full force and effect.

Section 3. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation: Provided, that the non-issuance of implementing rules and regulations shall not preclude the provisions of this Act from taking effect with the prescribed periods provided herein.

Section 4. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in the in the Official Gazette or in a newspaper of general circulation.

Approved,