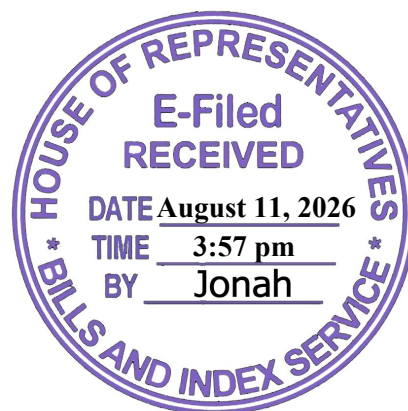




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10720



Introduced by REPRESENTATIVE CHEENO MIGUEL D. ALMARIO

EXPLANATORY NOTE

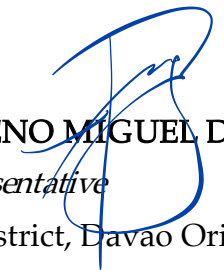
The prevailing economic conditions that our country faces have compelled us to reconsider restructuring the current tax schedule, as it exacerbates the financial burdens carried by Filipinos. It is imperative to enact measures to provide immediate economic relief to low- to middle-income earners, as well as self-employed professionals.

This proposed bill seeks to amend the individual tax schedule by increasing the non-taxable annual income threshold from P250,000 to P350,000. While this adjustment may result in a short-term reduction in direct income tax collections, expanding the take-home pay of our low- to middle income earners directly strengthens their purchasing power. Beyond cushioning households against the rising costs of basic goods and services, this expanded exemption will give vital liquidity into local commerce and stimulate broader macroeconomic growth.

Further, the possible fiscal impact is balanced by the fact that the increase of the disposable income of the low- and middle-income families leads to a proportionate increase in spending on basic commodities. This, in effect, directly increase market activity.

The restructuring of the individual tax rates schedule aligns with the constitutional mandate to establish a progressive system of taxation, while effectively responding to the economic and societal realities.

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



CHEENO MIGUEL D. ALMARIO

Representative

2nd District, Davao Oriental



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10720

Introduced by **REPRESENTATIVE CHEENO MIGUEL D. ALMARIO**

**AN ACT RESTRUCTURING THE INDIVIDUAL INCOME TAX RATES OF
RESIDENT CITIZENS AND RESIDENT ALIENS, FURTHER AMENDING FOR
THE PURPOSE 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 Alien
of the Philippines.

(1) An income tax is hereby imposed:

[xxx]

(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:

[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 P800,000
OVER P800,000 BUT NOT OVER P2,000,000	P87,500 + 25% OF THE EXCESS OVER P800,000
OVER 2,000,000 BUT NOT OVER P8,000,000	P387,500 + 30% OF THE EXCESS OVER P2,000,000
OVER 8,000,000	P2,187,500 + 35% OF THE EXCESS OVER P8,000,000

[xxx]

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 **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.[13]

[xxx]

Section. 3 Separability Clause. – If any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions not affected thereby shall continue to be in full force and effect.

Section. 4. 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. 9. Effectivity. – This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,