

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 295

HOUSE OF REPRESENTATIVES

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Introduced by Representatives
Horacio P. Suansing, Jr. and Estrellita B. Suansing

EXPLANATORY NOTE

This bill seeks to amend Sections 24 and 27 of the National Internal Revenue Code of 1997, as amended, by gradually reducing individual and corporate income taxes over a three (3) year period beginning January 1, 2017.


One of the policies enshrined in the 1987 Philippine Constitution is the duty of the State to promote a rising standard of living and an improved quality of life for all. Our current income tax rates are proving to be inconsistent, if not contrary, to said policy. Slowly, the salaried professionals, who comprise the middle class, are pulled down into lower income groups because they are pushed up into higher income brackets. Thus, there is a need to revisit and reduce the income tax rates.

Many of our neighboring Southeast Asian countries gave lowered their individual and corporate income taxes; the Philippines, on the other hand, remain to have the highest corporate income tax rate of 30%, making investors and taxpayers to bring their capital and services to a low-tax jurisdiction. The Philippines needs to be competitive enough not only to attract more investments and human capital, but more importantly, prevent the migration of our own.

While there may be apprehensions over a setback in revenues as a result of this proposal, the reduction in income taxes will eventually stimulate the economy, broaden the tax base and create more employment. With higher take-home pay, Filipino families will have more money to spend on items that will generate more taxes, such as Value Added Tax (VAT) on goods and services. Improving the levels of disposable income will clearly and inevitably increase economic activity. Likewise, the proposed reduction in the rate of corporate income tax will create a more vibrant and robust economy for business and enable companies to compete better in the global

market. And, as has been the experience both here and in other countries, lower tax rates would likewise lead to greater compliance.

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


HON. HORACIO P. SUANSING, JR.
2nd District, Sultan Kudarat


HON. ESTRELLITA B. SUANSING
1st District, Nueva Ecija

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AN ACT
AMENDING SECTIONS 24 AND 27 OF REPUBLIC ACT 8424, AS
AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL
REVENUE CODE OF 1997

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

1 **SECTION 1.** Section 24 (A)(2) of the National Internal Revenue Code (NIRC)
2 of 1997, as amended, is hereby further amended to read as follows:

3 "Sec. 24. Income Tax Rates. –

4 "(A) Rates of Income Tax on Individual Citizen and Individual
5 Resident Alien of the Philippines. –

6 "(2) Rates of Tax on Taxable Income of Individuals. – The tax
7 shall be computed in accordance with and at the rates
8 established in the following schedule:

9	"[Not over ₱10,000	...	5%
10	"Over ₱10,000 but not over	...	₱500 + 10% of the excess
11	₱30,000		over ₱10,000
12	"Over ₱30,000 but not over	...	₱2,500 + 15% of the excess
13	₱70,000		over ₱30,000
14	"Over ₱70,000 but not over	...	₱8,500 + 20% of the excess
15	₱140,000		over ₱70,000
16	"Over ₱140,000 but not over	...	₱22,500 + 25% of the excess
17	₱250,000		over ₱140,000
18	"Over ₱250,000 but not over	...	₱50,000 + 30% of the excess
19	₱500,000		over ₱250,000
20	"Over ₱500,000	...	₱125,000 + 32% of the excess
21			Over ₱500,000]"
22			

1 "xxx

2
3 "xxx

4

"Taxable Income	Beginning January 1, 2017	Beginning January 1, 2018	Beginning January 1, 2019
"Not over P30,000	Exempt	Exempt	Exempt
"Over P30,000 but not over P70,000	P2,500 + 15% of the excess over P30,000	P2,500 + 13% of the excess over P30,000	P2,500 + 10% of the excess over P30,000
"Over P70,000 but not over P200,000	P8,500 + 20% of the excess over P70,000	P7,700 + 18% of the excess over P70,000	P6,500 + 15% of the excess over P70,000
"Over P200,000 but not over P500,000	P34,500 + 25% of the excess over P200,000	P30,600 + 23% of the excess over P200,000	P26,000 + 20% of the excess over P200,000
"Over P500,000 but not over P1,000,000	P109,500 + 30% of the excess over P500,000	P99,600 + 25% of the excess over P500,000	P86,000 + 22% of the excess over P500,000
"Over P1,000,000	P259,500 + 32% of the excess over P1,000,000	P224,600 + 28% of the excess over P1,000,000	P196,000 + 25% of the excess over P1,000,000

5
6 **SEC. 2.** Section 27 (A) of the National Internal Revenue Code of 1997, is
7 hereby amended to read as follows:

8 "Sec. 27. Rates of Income Tax on Domestic Corporation. –

9 "(A) In General. – Except as otherwise provided in this Code, an income
10 tax of [thirty-five percent (35%)] THIRTY PERCENT (30%) BEGINNING
11 JANUARY 1, 2017 AND TWENTY-SEVEN PERCENT (27%) BEGINNING
12 JANUARY 1, 2018 AND TWENTY-FIVE PERCENT (25%) BEGINNING
13 JANUARY 1, 2019, is hereby imposed upon the taxable income derived
14 during each taxable year from all sources within and without the
15 Philippines by every corporation, as defined in Section 22 (B) of this
16 Code and taxable under this Title as a corporation, organized in, or
17 existing under the laws of the Philippines [; *Provided*, That effective
18 January 1, 2009, the rate of income tax shall be thirty percent (30%).]"

19
20 **SEC. 3.** Implementing Rules and Regulations. – The Department of Finance,
21 Bureau of Internal Revenue and the National Tax Research Center
22 shall promulgate, within sixty (60) days from the effectivity of this Act,
23 the Implementing Rules and Regulations (IRR) that shall be necessary
24 to implement the provisions of this Act.

1 **SEC. 4.** Separability Clause. – The provisions of this Act are hereby deemed
2 separable. If any provision thereof is declared invalid or
3 unconstitutional, such invalidity or unconstitutionality shall not affect
4 the other provisions which shall remain in effect.

5
6 **SEC. 5.** Repealing Clause. – All laws, decrees, executive orders, rules and
7 regulations or parts thereof, which are inconsistent with the provisions
8 of this Act are hereby repealed, amended or modified accordingly.

9
10 **SEC. 6.** Effectivity. – This Act shall take effect fifteen (15) days after its
11 publication in the Official Gazette and a newspaper of general
12 circulation.

13
14 Approved,