

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

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 411

HOUSE OF REPRESENTATIVES

RECEIVED

DATE: 30 JUN 2016

TIME: 4:12 pm

BY: *Tiangco*

REGISTRATION UNIT
BILLS AND INDEX SERVICE

INTRODUCED BY REPRESENTATIVE TOBIAS "TOBY" M. TIANGCO

EXPLANATORY NOTE

One of the principles of a sound tax system is theoretical justice. The 1987 Constitution explicitly provides that "*[t]he rule of taxation shall be uniform and equitable. The Congress shall evolve a progressive system of taxation.*" (Article Vi, Section 28, paragraph 1)

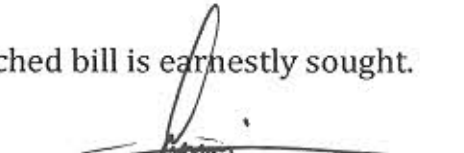
Indeed, while Congress has provided for a progressive and uniform system of taxation the existing system of taxation is no longer fair and equitable. It is a fact that Congress determined the tax brackets [now] provided under Section 24 of the R.A. No. 8424 as early as 1986. It has remained unchanged to date. **On the other hand, the increase in inflation has gone up as high as 300%.**

With the current income tax brackets, the Philippines effectively imposes the highest personal income tax in the whole ASEAN region.

Accordingly, low-income and middle-income earners, most of whom are salaried workers, suffer and bear the bulk of the iniquitous tax burden among individual taxpayers. This tax burden heavily impact on their purchasing power.

Considering the clamor of the public for the passage of various income tax reform measures before Congress in order to restore fairness in the Philippine tax system has become deafening, this bills seeks to (a) **exempt from income tax all those earning PhP 360,000 annually;** (b) give our low-income and middle income earners, an adjusted, re-structured and revised income tax bracket that will approximate current consumer prices, which will, to a certain extent, increase their real purchasing power.

In this context, approval of the attached bill is earnestly sought.


TOBIAS "TOBY" M. TIANGCO

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

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 411

INTRODUCED BY REPRESENTATIVE TOBIAS "TOBY" M. TIANGCO

**AN ACT AMENDING SECTION 24
OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED,
AND FOR OTHER PURPOSES**

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

SECTION. 1. Section 24 (A) (2) of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended, is hereby amended to read 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:

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:

Not over P360,000	0%
Over P360,000 but not over P600,000	10%
Over P600,000 but not over P960,000	20%

Over P960,000 but not over P1,440,000	25%
Over P1,440,000 but not over P1,920,000	30%
Over P1,920,000	32%

x x x''

SEC 2. Implementing Rules and Regulations. - The Secretary of Finance shall promulgate the necessary rules and regulations for the faithful and effective implementation of the provisions of this Act; Provided, That, the failure of the Secretary of Finance to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 3. Repealing Clause. - Any law, order, issuance, rule or regulation, memorandum circular contrary to or inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SEC 4. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved.,