

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 466**

|                                 |                    |
|---------------------------------|--------------------|
| <b>HOUSE OF REPRESENTATIVES</b> |                    |
| <b>RECEIVED</b>                 |                    |
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| <b>BILLS AND INDEX SERVICE</b>  |                    |

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**Introduced by Representative Raneo E. Abu**

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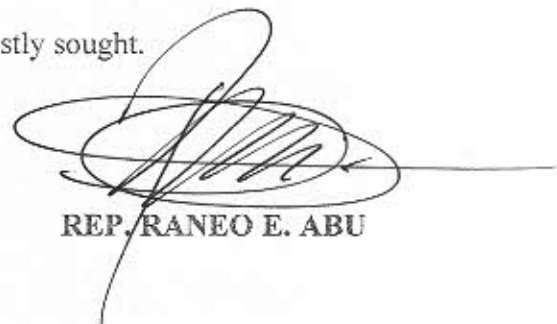
**EXPLANATORY NOTE**

This bill is about giving every ordinary Filipino individual taxpayer the equity he deserves in our country's tax laws, putting him and the family he supports in a better position to cope up with life's daily financial demands.

Since the National Internal Revenue Code (NIRC) of 1997 became effective on January 1, 1998, the individual income tax rates have unfortunately remained based on the 1998 Consumer Price Index (CPI) of 67.8%, which has now doubled to its current rate of about 141% (as of August 2015). Going by these figures, a regular salaried man's take-home pay of P10,000 way back in 1998 is now equivalent to P20,500.00, which rightly should be taxed at the rate range of just between 11% to 15% and not the higher one of 16% to 20%. In more practical terms, the amount of tax on his salary should just be around P500 to P600 instead of P1,500 to P1,600, increasing his take-home pay. With the constantly rising prices of basic commodities, this additional income will certainly go a long way in making ends meet for him and his family.

By doing this much-needed fair tweaking of the individual income tax brackets, together with the amounts of personal and additional exemption, in accordance with current CPI and automatically after three (3) years thereafter, this government can rightfully claim that it has done justice to every ordinary Filipino working man.

Accordingly passage of the measures is earnestly sought.

  
REP. RANEO E. ABU

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

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 466

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Introduced by Honorable Representative Raneo E. Abu

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AN ACT  
RESTRUCTURING THE INCOME TAX IMPOSED ON INDIVIDUALS,  
AMENDING FOR THE PURPOSE SECTIONS 24 (A) (2) AND 35 (B) OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION. 1. Section 24 of the National Internal Revenue Code of 1997, as amended, is  
2 hereby further amended to read as follows:  
3

4  
5 "SEC. 24. Income Tax Rates. -

6  
7 (A) xxx

8  
9 (1) xxx

10  
11 (2) Rates of Tax on Taxable Income of Individuals. - The tax shall  
12 be computed in accordance with and at the rates established in the  
13 following schedule:

14  
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|                                      |  |
|--------------------------------------|--|
| [ Not over P10,000                   | 5% ]                                       |
| [ Over P10,000 but not over P30,000  | P500+10% of the excess<br>over P10,000 ]   |
| [ Over P30,000 but not over P70,000  | P2,500+15% of the excess<br>over P30,000 ] |
| [ Over P70,000 but not over P140,000 | P8,500+20% of the excess<br>over P70,000 ] |

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[ Over P140,000 but not over P250,000 P22,500+25% of the excess  
over P140,000 ]  
[ Over P250,000 but not over P500,000 P50,000+30% of the excess  
over P250,000 ]  
[ Over P500,000 P125,000+32% of the excess  
over P500,000 ]

NOT OVER P20,500 5%  
OVER P20,500 BUT NOT OVER P61,500 P1,025+10% OF THE EXCESS  
OVER P20,500  
OVER P61,500 BUT NOT OVER P143,500 P5,125+15% OF THE EXCESS  
OVER P61,500  
OVER P143,500 BUT NOT OVER P287,000 P17,425+20% OF THE EXCESS  
OVER P143,500  
OVER P287,000 BUT NOT OVER P512,500 P46,125+25% OF THE EXCESS  
OVER P287,000  
OVER P512,500 BUT NOT OVER P1,025,000 P102,500+30% OF THE EXCESS  
OVER P512,500  
OVER P1,025,000 P256,250+32% OF THE EXCESS  
OVER P1,025,000

xxx  
xxx

PROVIDED, FINALLY, THAT NOT LATER THAN THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY THREE (3) YEARS THEREAFTER, EACH NET TAXABLE INCOME LEVEL AND NOMINAL TAX RATE HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE USING THE CONSUMER PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE (NSO).

- (B) xxx
- (C) xxx
- (D) xxx"

SEC. 2. Section 35 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**"SEC. 35. Allowance of Personal Exemption for Individual Taxpayer. -**

- (A) xxx
- (B) xxx

1  
2 PROVIDED, FURTHER, THAT NOT LATER THAN THREE (3)  
3 YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY  
4 THREE (3) YEARS THEREAFTER, THE AMOUNTS OF BASIC  
5 PERSONAL EXEMPTION AND ADDITIONAL EXEMPTION  
6 FOR DEPENDENTS HEREIN STATED SHALL BE ADJUSTED  
7 TO PRESENT VALUES USING THE CONSUMER PRICE  
8 INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS  
9 OFFICE (NSO).

10 xxx

11  
12 (C) xxx

13  
14 (D) xxx”  
15  
16

17 **SEC. 3. Implementing Rules and Regulations.** – The Secretary of Finance shall, upon  
18 the recommendation of the Commissioner of Internal Revenue, promulgate upon the  
19 effectivity of this Act the necessary Rules and Regulations for its effective  
20 implementation.  
21

22 **SEC. 4. Separability Clause.** – If any provision of this Act is subsequently declared  
23 invalid or unconstitutional, other provisions hereof which are not affected thereby shall  
24 remain in full force and effect.  
25

26 **SEC. 5. Repealing Clause.** - All laws, acts, presidential decrees, executive orders,  
27 issuances, presidential proclamations, rules and regulations or parts thereof which are  
28 contrary to and inconsistent with any provisions of this Act are hereby repealed, amended  
29 or modified accordingly.  
30

31 **SEC. 6. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its complete  
32 publication either in the Official Gazette, or in at least two (2) newspapers of general  
33 circulation.

Approved,