

SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
  
First Regular Session )

HOUSE OF REPRESENTATIVES  
HOUSE BILL NO. 1026

HOUSE OF REPRESENTATIVES	
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Introduced by ANGKLA Party-list Representative JESULITO A. MANALO  
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**AN ACT AMENDING SECTION 99 OF REPUBLIC ACT NO. 8424, OR  
THE NATIONAL INTERNAL REVENUE CODE OF THE PHILIPPINES**

EXPLANATORY NOTE

Economic inequality has and always been one of the many issues and a stigma faced by our society. Due to the growing gap between the rich and the poor, some people attribute the serious problem of increasing criminality rate, among other issues, to the idea that with the rich getting richer and the poor, poorer, the latter are more likely to suffer from hostility and resentment as a result of their financial position and setbacks, resulting in higher propensity for criminal behavior.


In finding means to at least curb this economic inequality, the State can implement measures that promote re-distribution of wealth. Indeed, taxation is in itself already a mechanism employed by government to achieve, although indirectly, such dissemination of wealth. Through this proposed legislation however, Congress can supplant the existing system where it appears to be lacking.

Truly, members of the upper class of society, as well as those in the middle class can actually help bridge the gap, and address this inequality, through acts of generosity, like donation, which a lot of people seem to overlook the advantages of. Notably, while donation is a method that the government should encourage, the existing tax rates imposed by the National Internal Revenue Code (NIRC), alongside the restrictive provisions on the exemptions provided therein, do not seem to help at all. At present, there appears a very limited group of charitable and educational institutions meeting the conditions which merit the exemption. Verily, most donors are dissuaded from giving off their properties for fear that they will have to be

accountable to pay enormous amounts of taxes if they do. Further, in extreme cases, donors merely circumvent the payment of the donor's tax, by cloaking their donation through a sale transaction. This renders the donor's taxation system rather ineffective.

This measure proposes the reduction of donor's tax. It is intended to strike a balance between the power of the State to tax its people and the implementation of a policy that will motivate those who have more in life to share their properties and riches not only to the less fortunate classes of society, but also to individuals, whose lives may improve through such donations.

Thus, with the concomitant social relevance of the bill, its immediate passage is sought.



**JESULITO A. MANALO**  
Party-list Representative  
ANGKLA

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

SECTION 1. Sec 99 of RA 8424 shall be amended as follows:

**"SEC. 99. Rates of Tax Payable by Donor. -**

**(A) In General. -** The tax for each calendar year shall be computed on the basis of the total net gifts made during the calendar year in accordance with the following schedule:

If the net gift is:

Over	But Not Over	The Tax Shall be	Plus	Of the Excess Over
	P 100,000	Exempt		
P 100,000	200,000	0	2%	P100,000
200,000	500,000	2,000	4%	200,000
500,000	1,000,000	14,000	6%	500,000
1,000,000	3,000,000	44,000	6%	1,000,000
3,000,000	5,000,000	204,000	6%	3,000,000
5,000,000	10,000,000	404,000	6%	5,000,000
10,000,000		1,004,000	6%	10,000,000

**(B) Tax Payable by Donor if Donee is a Stranger. -** When the donee or beneficiary is a stranger, the tax payable by the donor shall be six percent (6%) of the net gifts. For the purpose of this tax, a '*stranger*', is a person who is not a:

(1) Brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or

(2) Relative by consanguinity in the collateral line within the fourth degree of relationship.

(C) Any contribution in cash or in kind to any candidate, political party or coalition of parties for campaign purposes shall be governed by the Election Code, as amended."

SECTION 2. Repealing Clause. - All laws, decrees, executive orders or rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 3. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,