

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

House Bill No. 2347



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Introduced by Representative GLORIA MACAPAGAL ARROYO

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

EXPLANATORY NOTE

This bill seeks to amend Section 24 of the National Internal Revenue Code of 1997, as amended, by adjusting the individual income tax brackets and reducing the rates of individual income tax beginning January 1, 2017.

Article VI, Section 28 (1) of the 1987 Constitution provides that "the rule of taxation shall be uniform and equitable" and for Congress to "evolve a progressive system of taxation" wherein the tax rates imposed must be based on the person's ability to pay. However, after almost two decades, our individual income tax bracket has remained unchanged while the consumer price index (CPI) has more than doubled already. Bracket creep has pushed middle-income earners to higher tax brackets even without any "real" increase in their income. Our outdated, unfair and oppressive tax system has burdened our taxpayers for so long.

This bill aims to lower income tax rates across-the-board, reducing the highest tax rate from 32 to 25 percent by 2019, and to compress the tax brackets from seven to five. Given the wage distortion due to the exemption from tax payment of minimum wage earners, this bill sets the lowest tax bracket at Php70,000 taxable income taking into consideration prevailing minimum wage.

It must be stressed that taxation is not just a way for the government to raise revenue; it is also a means to build a more humane and just society, and to ensure upward mobility.

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

  
GLORIA MACAPAGAL ARROYO  
2<sup>nd</sup> District, Pampanga

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

**SECTION 1.** Section 24(A)(2) of the National Internal Revenue Code of 1997, as amended, is hereby further 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 –

(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:

TAXABLE INCOME	BEGINNING JANUARY 1, 2017	BEGINNING JANUARY 1, 2018	BEGINNING JANUARY 1, 2019
NOT OVER P70,000	0%	0%	0%
OVER P70,000 BUT NOT OVER P200,000	15%	13%	10%
OVER P200,000 BUT NOT OVER P500,000	P30,000+20% of the excess over P200,000	P26,000+18% of the excess over P200,000	P20,000+15% of the excess over P200,000
OVER P500,000 BUT NOT OVER P1,000,000	P90,000+25% of the excess over P500,000	P80,000+23% of the excess over P500,000	P65,000+25% of the excess over P500,000
OVER P1,000,000	P215,000+32% of the excess over P1,000,000	P195,000+28% of the excess over P1,000,000	P165,000+25% of the excess over P1,000,000

PROVIDED, THAT EVERY THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT, THE PRESIDENT OF THE PHILIPPINES SHALL ADJUST THE AMOUNTS HEREIN STATED TO ITS PRESENT

VALUE USING THE CONSUMER PRICE INDEX (CPI), AS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA)."

"[Not over P10,000	5%
"Over P10,000 but not over P30,000	P500 +10% of the excess over P10,000
"Over P30,000 but not over P70,000	P2,500+15% of the excess over P30,000
"Over P70,000 but not over P140,000	P8,500+20% of the excess over P70,000
"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]"
"xxx	
"xxx.	

**SECTION 2. *Implementing Rules and Regulations.*** – The Secretary of Finance shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

**SECTION 3. *Repealing Clause.*** — All orders, rules, regulations and other issuances, or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

**SECTION 4. *Separability Clause.*** — Any provision of this Act declared unconstitutional shall not affect the validity of the other provisions thereof.

**SECTION 5. *Effectivity.*** - This Act shall take effect on January 1, 2017 following its publication in at least two (2) newspapers of general circulation.

*Approved,*