

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

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **3259**

HOUSE OF REPRESENTATIVES	
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Introduced by **DIWA Party-list Representative Emmeline Y. Aglipay – Villar**

EXPLANATORY NOTE


While taxes are the lifeblood of the government, it should go without saying that such taxes should not place an inequitable burden on the citizens of a State -- for a government is given life precisely in order to serve its citizens. An analysis of tax policies our neighbors in the Association of Southeast Asian Nations (ASEAN) reveals that the Philippines has one of the highest average tax rates, together with Vietnam and Thailand. However, Singapore has the lowest marginal tax rate at both ends of its tax bracket spectrum, at 2% for the lowest qualifying income earners and 20% for the wealthiest.

In the Philippines, the tax rate established by law ranges from 5% for the lowest income earners to 32% for the wealthy. Yet the "wealthy" category is overly broad, with those earning just a little over P500,000.00 paying the same rate of income tax as those earning in the millions.

The Bureau of Internal Revenue (BIR) data show that the majority or roughly 82% of the total collection from individual income taxes comes from compensation-income earners. The bulk of this is automatically deducted from salaried professionals. These individuals compose much of the middle classes. Lowering income tax rates for middle-class Filipinos can serve to spur economic growth and job creation, providing greater disposable income that can lead to more economic security and a better quality of life. Many nations richer than our own, nations that spend more on social services than ours, manage to tax their citizens less.

This bill -- filed as a counterpart of Senate Bill No. 147 with the support of its author, Senator Cynthia Villar -- 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.

While taxes may be as certain as death, they need not be seen with the same degree of foreboding.


EMMELINE Y. AGLIPAY – VILLAR
Representative, DIWA Party-list

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AN ACT

**ADJUSTING THE INCOME BRACKETS AND RATES OF TAX IMPOSED ON
TAXABLE INCOME OF INDIVIDUALS, AMENDING FOR THIS PURPOSE
SECTION 24 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Republic 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. –

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(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, 2016
Not over P20,000	5%
Over P20,000 but not over P60,000	P1,000 + 10% of the excess over P20,000
Over P60,000 but not over P140,000	P5,000 + 15% of the excess over P60,000
Over P140,000 but not over P280,000	P17,000 + 20% of the excess over P140,000
Over P280,000 but not over P500,000	P45,000 + 25% of the excess over P280,000
Over P500,000 but not over P1,000,000	P100,000 + 30% of the excess over P500,000
Over P1,000,000	P250,000 + 32% of excess over P1,000,000

[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]

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SEC 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.

SEC 3. *Repealing Clause.* - All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC 4. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC 5. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,