



HOUSE OF REPRESENTATIVES

H. No. 4970

BY REPRESENTATIVES TINIO, BELMONTE (J.), BINAY, ANGARA-CASTILLO, BRAVO (A.), PAEZ, COLMENARES, ZARATE, ABU, TREÑAS, SUANSING, TAN (A.), TAMBUNTING, RELAMPAGOS, YAP (A.), QUIMBO, HOFER, PICHAY, ABELLANOSA, GARIN (S.), DEL MAR, GUNIGUNDO, NOEL, ILAGAN, HICAP, DE JESUS, RIDON, TEJADA, ZAMORA (R.), TY, GO (A.C.), FLORES, VILLAR, SY-ALVARADO, CUEVA AND CATAMCO, PER COMMITTEE REPORT No. 414

AN ACT INCREASING THE CEILING FOR THE TOTAL EXCLUSION FROM GROSS INCOME OF 13TH MONTH PAY AND OTHER BENEFITS TO SEVENTY THOUSAND PESOS (P70,000), AMENDING FOR THE PURPOSE SECTION 32(B)(7)(E) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 32(B)(7)(e) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 32. *Gross Income.* –

“(A) x x x

“(B) *Exclusions from Gross Income.* – The following items shall not be included in gross income and shall be exempt from taxation under this Title:

“x x x

“(7) *Miscellaneous Items.* –

“x x x

“(e) *13th Month Pay and Other Benefits.* – Gross benefits received by officials and employees of public and private entities: *Provided, however,* That the total exclusion under this subparagraph shall not exceed [Thirty thousand pesos (P30,000)] **SEVENTY THOUSAND PESOS (P70,000)** which shall cover:

“(i) x x x

“(ii) x x x

“(iii) x x x

“(iv) Other benefits such as productivity incentives and Christmas bonus: *Provided, further,* That the ceiling of [Thirty thousand pesos (P30,000)] **SEVENTY THOUSAND PESOS (P70,000)** [may] **SHALL** be increased through rules and regulations issued by the Secretary of Finance, upon recommendation of the Commissioner, after considering, among others, the effect on the same of the inflation rate at the end of the taxable year.”

SEC. 2. *Implementing Rules and Regulations.* – The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. *Repealing Clause.* – All laws, acts, presidential decrees, executive orders, issuances, presidential proclamations, rules and regulations

or parts thereof which are contrary to and inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.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 either in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,

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