



HOUSE OF REPRESENTATIVES

H. No. 5431

BY REPRESENTATIVES RAMOS, PRIMICIAS-AGABAS, MANDANAS, ARROYO (D.),
MACAPAGAL-ARROYO (G.), AGGABAO, REMULLA, SALVACION,
DIMAPORO (F.), PICHAY, TREÑAS, VILLAR, LOPEZ (C.J.) AND VILLARICA,
PER COMMITTEE REPORT NO. 1494

AN ACT GRANTING ADDITIONAL EXEMPTION TO AN INDIVIDUAL
TAXPAYER, AMENDING FOR THE PURPOSE SECTION 35(B) OF
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED BY REPUBLIC ACT NO. 9504

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

1 SECTION 1. Section 35(B) of Republic Act No. 8424, otherwise known
2 as the National Internal Revenue Code of 1997, as amended by Republic Act
3 No. 9504, is hereby further amended to read as follows:

4 “SEC. 35. *Allowance of Personal Exemption for Individual*
5 *Taxpayer.* –

6 “(A) *In General.* – For purposes of determining the tax
7 provided in Section 24(A) of this Title, there shall be allowed a
8 basic personal exemption amounting to Fifty thousand pesos
9 (P50,000) for each individual taxpayer.

10 “*In the case of married individuals where only one of the*
11 *spouses is deriving gross income, only such spouse shall be*
12 *allowed the personal exemption.*

1 “(B) *Additional Exemption for Dependents.* – There shall
2 be allowed an additional exemption of Twenty-five thousand pesos
3 (P25,000) for each dependent **WITHOUT DISABILITY** not exceeding
4 four (4) **AND FIFTY THOUSAND PESOS (P50,000) FOR EACH**
5 **DEPENDENT WITH DISABILITY.**

6 “The additional exemption for dependents **REFERRED**
7 **HEREIN** shall be claimed by only one of the spouses in the case of
8 married individuals.

9 “In the case of legally separated spouses, additional
10 exemptions may be claimed only by the spouse who has custody of
11 the child or children[: *Provided*, That the total amount of
12 additional exemptions that may be claimed by both shall not
13 exceed the maximum additional exemptions herein allowed]. **AN**
14 **INDIVIDUAL TAXPAYER WHO IS THE LEGAL GUARDIAN OF A**
15 **DISABLED PERSON MAY CLAIM THE ADDITIONAL EXEMPTION FOR**
16 **THE SAID DEPENDENT: *PROVIDED*, THAT ONLY THE LEGAL**
17 **GUARDIAN CAN AVAIL OF THE ADDITIONAL EXEMPTION FOR A**
18 **PARTICULAR TAXABLE YEAR TO THE EXCLUSION OF THE**
19 **BIOLOGICAL PARENTS.**

20 “[For purposes of this Subsection, a ‘dependent’ means a
21 legitimate, illegitimate or legally adopted child chiefly dependent
22 upon and living with the taxpayer if such dependent is not more
23 than twenty-one (21) years of age, unmarried and not gainfully
24 employed or if such dependent, regardless of age, is incapable of
25 self-support because of mental or physical defect.]

1 **“FOR PURPOSES OF THIS SUBSECTION:**

2 **“(A) THE TERM ‘DEPENDENT’ REFERS TO:**

3 **“(1) A LEGITIMATE, LEGITIMATED, ILLEGITIMATE OR**
4 **LEGALLY ADOPTED CHILD CHIEFLY DEPENDENT UPON AND**
5 **LIVING WITH THE TAXPAYER IF SUCH DEPENDENT IS NOT MORE**
6 **THAN TWENTY-ONE (21) YEARS OF AGE, UNMARRIED AND NOT**
7 **GAINFULLY EMPLOYED OR IF SUCH DEPENDENT, REGARDLESS OF**
8 **AGE, IS INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR**
9 **PHYSICAL DISABILITY;**

10 **“(2) A PARENT OR BOTH PARENTS, LIVING WITH THE**
11 **TAXPAYER, NOT GAINFULLY EMPLOYED AND DEPENDENT UPON**
12 **THE LATTER FOR CHIEF SUPPORT, OR WHERE SUCH PARENTS**
13 **ARE INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR**
14 **PHYSICAL DISABILITY OR OLD AGE.**

15 **“(B) THE TERM ‘DISABLED PERSON’ REFERS TO A PERSON**
16 **SUFFERING FROM RESTRICTION OR DIFFERENT ABILITIES AS A**
17 **RESULT OF MENTAL, PHYSICAL OR SENSORY IMPAIRMENT, TO**
18 **PERFORM AN ACTIVITY IN THE MANNER OR WITHIN THE RANGE**
19 **CONSIDERED NORMAL FOR A HUMAN BEING.**

20 **“x x x.”**

21 **SEC. 2. *Penalty.* – Notwithstanding the penalty provided for in**
22 **Section 267 of the National Internal Revenue Code of 1997, as amended, any**
23 **person who willfully violates the preceding section by declaring fictitious**
24 **dependents shall, upon conviction, be liable for the payment of a fine**
25 **equivalent to thrice the amount of tax, interest and surcharges due from the**
26 **taxpayer.**

1 SEC. 3. *Implementing Rules and Regulations.* – Within thirty (30)
2 days upon the approval of this Act, the Department of Finance, in coordination
3 with the Bureau of Internal Revenue and the Department of Social Welfare and
4 Development, shall issue the necessary implementing rules and regulations for
5 the effective implementation of this Act.

6 SEC. 4. *Separability Clause.* – If any provision or part hereof is
7 subsequently declared invalid or unconstitutional, the other provisions hereof
8 which are not affected thereby shall remain in full force and effect.

9 SEC. 5. *Repealing Clause.* – All laws, acts, presidential decrees,
10 executive orders, issuances, presidential proclamations, rules and regulations
11 or parts thereof which are contrary to or inconsistent with any provision of this
12 Act are hereby repealed, amended or modified accordingly.

13 SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15)
14 days after its publication either in the *Official Gazette* or in at least two (2)
15 newspapers of general circulation.

Approved,

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