

AN ACT AMENDING SECTIONS TWENTY-ONE, TWENTY-TWO, TWENTY-THREE, AND THIRTY OF COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERN...

REPUBLIC ACT NO. 5325, June 15, 1968

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

SECTION 1. Section twenty-one of Commonwealth Act Numbered Four hundred sixty-six, as amended, otherwise known as the National Internal Revenue Code, is hereby farther amended to read as follows:

"SEC. 21. Rates of tax on citizens or residents.—A tax is hereby imposed upon the taxable net income received during each taxable year from all sources by every individual, whether a citizen of the Philippines residing therein or abroad or an alien residing in the Philippines, determined in accordance with the following schedule:

"Not over P2,000 3%

"Over P2,000 but not over P4,000 of excess over P2,000. P60 plus 6%

"Over P4,000 but not over P6,000 of excess over P4,000. P180 plus 9%

"Over P6,000 but not over P8,000 of excess over P6,000. P360 plus 12%

"Over P8,000 but not over P10,000 of excess over P8,000. P600 plus 14%

"Over P10,000 but not over P12,000 of excess over P10,000. P880 plus 16%

"Over P12,000 but not over P14,000 of excess over P12,000. P1,120 plus 18%

"Over P14,000 but not over P16,000 of excess over P14,000. P1,560 plus 20%

"Over P16,000 but not over P18,000 of excess over P16,000. P960 plus 22%

"Over 18,000 but not over P20,000 of excess over P18,000. P2,400 plus 24%

"Over P20,000 but not over P24,000 of excess over P20,000. P2,880 plus 27%

"Over P24,000 but not over P28,000 of excess over P24,000.

P3,960 plus 30%

"Over P28,000 but not over P32,000 of excess over P28,000.

P5,160 plus 33%

"Over P32,000 but not over P36,000 of excess over P32,000.

P6,480 plus 36%

"Over P36,000 but not over P40,000 of excess over P36,000. P7,920 plus 39%

"Over P40,000 but not over P46,000 of excess over P40,000. P9,480 plus 42%

"Over P46,000 but not over P52,000 of excess over P46,000.

P12,000 plus 44%

"Over P52,000 but not over P58,000 of excess over P52,000. P14,640 plus 46%

"Over P58,000 but not over P64,000 of excess over P58,000. P17,400 plus 48%

"Over P64,000 but not over P70,000 of excess over P64,000. P20,280 plus 50%

"Over P70,000 but not over P78,000 of excess over P70,000. P23,280 plus 52%

"Over P78,000 but not over P86,000 of excess over P78,000. P27,440 plus 54%

"Over P86,000 but not over P94,000 of excess over P86,000. P31,760 plus 56%

"Over P94,000 but not over P102,000 of excess over P94,000. P36,240 plus 57%

"Over P102,000 but not over P110,000 of excess over P102,000. P40,800 plus 58%

"Over P110,000 but not over P120,000 of excess over P110,000. P45,440 plus 59%

"Over P120,000 but not over P130,000. P51,340 plus 60%

"Over P130,000 but not over P140,000 of excess over P130,000. P57,340 plus 61%

"Over P140,000 but not over P150,000 of excess over P140,000. P63,440 plus 62%

"Over P150,000 but not over P160,000 of excess over P150,000. P69,640 plus 63%

"Over P160,000 but not over P180,000 of excess over P160,000. P75,940 plus 64%

"Over P180,000 but not over P200,000 of excess over P180,000.

P88,740 plus 65%

"Over P200,000 but not over P250,000 of excess over P200,000.

P101,740 plus 66%

"Over P250,000 but not over P300,000 of excess over P250,000. P134,740 plus 67%

"Over P300,000 but not over P400,000 of excess over P300,000. P168,240 plus 68%

"Over P400,000 but not over P500,000 of excess over P400,000. P236,240 plus 69%

"Over P500,000 of excess over P500,000." P305,240 plus 70%

SEC. 2. Section twenty-two of Commonwealth Act Numbered Four hundred and sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 22. Tax on non-resident alien individual.— (a) Non-resident alien engaged in trade or business within the Philippines. —There shall be levied, collected, and paid for each taxable year upon the entire net income received from all sources within the Philippines by every non-resident alien individual engaged in trade or business within the Philippines the tax imposed by Section twenty-one: Provided, That for purposes of this Title, a non-resident alien individual who shall come to the Philippines and stay therein for an aggregate period of more than one hundred eighty days during any calendar year shall be deemed a non-resident alien doing business in the Philippines, the provision of Section eighty-four (f) of this Code to the contrary notwithstanding.

" (b) Non-resident alien not engaged in trade or business within the Philippines.—There shall be levied, collected paid for each taxable year upon the entire income received from all sources within the Philippines by every non-resident alien individual not engaged in trade or business within the Philippines as interest, dividends, rents, salaries wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical or casual gains, profits and income, and capital gains, a tax equal to twenty-five per centum of such income: Provided, That if the total income received by such non-resident alien individual from all sources within the Philippines exceeds forty- three thousand sixty pesos, the rates established in Section twenty-one shall apply, but in no case shall the tax imposed under this subsection be less than twenty-five per centum of the total income."

SEC. 3. Subsection (b) of Section twenty-three of Commonwealth Act Numbered Four hundred sixty-six, as amended, is hereby further amended to read as follows:

"SEC. 23. Amount of personal exemptions allowable to individuals.—For the purpose of the tax provided for in this Title, there shall be allowed in the nature of deduction from the amount of net income the following personal exemptions:

"(b) Personal exemption of married persons or of heads family.—The sum of three thousand pesos, if the person making the return is a married man or a married woman or the head of a family: Provided, That only one exemption of three thousand pesos shall be made from the aggregate income of both husband and wife when not legally separated. For the purpose of this section, the term 'head of family' includes an unmarried man or man with one or both parents, or one or more brothers or sisters, or one or more legitimate, recognized natural, or adopted children living with and dependent upon him or her for their chief support where such brothers, sisters, or children are not more than twenty-three years of age, unmarried, and not gainfully employed, or where such children are incapable of self-support because mentally or physically defective.

SEC. 4. Paragraph (a), Section thirty of Commonwealth Numbered Four hundred sixty-six, as amended, otherwise known as the National Internal Revenue Code, is further amended by adding a new subparagraph (2), and designating the existing subparagraph (2) as subparagraph (3), to read as follows:

SEC. 30. Deductions from gross income. In computing net income there shall be allowed as deductions—

"(a) Expense:

"(1) X X X X.

"(2) Expenses allowable to citizens or resident individuals.—

"(A) Expenses incurred and paid in the Philippines during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or his dependents as defined in Section twenty-three (c),

1. Definitions.—For purposes of this subsection, the term 'medical care expenses' means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of diseases, or for the purpose of affecting any structure or function of the body, but excluding amounts paid for medicines.

2. Limitation.—The deduction allowed in this sub-section shall not exceed five hundred pesos for the taxpayer and an additional five hundred pesos for the spouse and each dependant as defined in Section twenty-three (c), but not to exceed two thousand in the aggregate.

3. Proof of deductions.—In connection with claims for medical care expense deduction, the taxpayer shall furnish the name and address of each person to whom payment for medical cure expenses has been made during the taxable year, as well as the amount date of the actual payment thereof in each case. Claims for deductions must be substantiated receipt or a statement from the individual to whom or entity to which payment for medical care was paid, showing the nature of the service rendered, the name of the person for whom the service is rendered, the amount paid therefor, and the date of actual payment thereof, and such other information as the Commissioner may deem necessary.

"(B) Expenses incurred and paid in the Philippines during the taxable year, for basic tuition fees of taxpayer's dependents, as defined in Section twenty-three (c), who are studying in high schools.

1. Definition.—For purposes of this subsection, the term 'basic tuition fees' means amounts paid for the privilege to receive instruction in a high school but does not include matriculation fee, and other miscellaneous fees such as library and athletic fees, laboratory fee, entrance fee, ROTC fee, student council fee, graduation fee and similar fees.

2. Limitation.—The deduction allowed in this subsection shall be two hundred fifty pesos for each of taxpayer's dependents, as defined in Section twenty-three (c), who are studying in high schools but shall not exceed one thousand pesos in the aggregate.

3. Proof of deductions.—In connection with claims for basic tuition fees deduction, the taxpayer shall furnish the name and date of birth of each dependent child who incurred the expense during the taxable year, as well as the amount and the date of actual payment thereof in each case. Claims for deductions must be substantiated by a receipt or statement of the school to which payment for basic tuition fees was made, showing the total school fees paid, as well as breakdown of such fees, and such other information as the Commissioner may deem necessary.

" (3) Expenses allowable, to non-resident alien individuals and foreign corporations.—In the case of a non-resident individual or a foreign corporation, the expenses deductible are the necessary expenses paid or incurred in carrying on any business or trade conducted within the Philippines exclusively.

SEC. 5. The provisions of this Act shall apply only to income for taxable years beginning January one, nineteen hundred and sixty-eight.

Approved, June .15, 1968.

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