

GRANTING SPECIAL ADDITIONAL PERSONAL EXEMPTION TO INDIVIDUAL TAXPAYERS UNDER CERTAIN CONDITIONS AND FOR OTHER PURPOSES.

PRESIDENTIAL DECREE NO. 1868, July 06, 1983

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WHEREAS, the Government recognizes the need to assist low-salaried employees to meet the increasing costs of living; and

WHEREAS, the grant of special additional personal exemption will give relief to the low-salaried employees and will enhance the equity and the progressivity of the income tax system.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution do hereby decree and order the following:

SECTION 1. Subparagraphs (a), (b) and (c) of Section 23 of the National Internal Revenue Code of 1977, as amended, are hereby further amended to read as follows:

"SECTION 23. Amount of personal exemptions allowable to individuals. For the purpose of the tax provided in this Title, there shall be allowed in the nature of a deduction from the amount of gross compensation income and/or net income, as the case may be, the following personal exemptions:

"(a) Basic and special additional personal exemption of single Individuals. The sum of Three Thousand Pesos (P3,000.00) as basic personal exemption, if the person making the return is a single person or a married person judicially decreed as legally separated from his or her spouse. If his gross compensation income does not exceed Twenty Thousand Pesos (P20,000.00), a special additional personal exemption of Four Thousand Pesos (P4,000.00) shall be allowed.

"(b) Basic and special additional personal exemption of married persons or heads of family. The sum of Six Thousand Pesos (P6,000.00), if the person making the return is a married man or a married woman, or Four Thousand Five Hundred Pesos (4,500.00) as basic personal exemption, if the person making the return is the head of a family: Provided only one basic exemption of Six Thousand Pesos (P6,000.00) shall be made from the aggregate income of both husband and wife when not legally separated. If his gross compensation income does not exceed Twenty Thousand Pesos (P20,000.00), a special additional personal exemption of Four Thousand Pesos (P4,000.00) shall be allowed.

"For the purpose of this Section, the term head of family" means an unmarried man or woman with one or both parents, or with one or more brothers, sisters, or with 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 gainfully employed or where such children are incapable of self-support because of mental or physical defect.

"(c) Additional exemption for dependents. The sum of Two Thousand Pesos (P2,000.00) for each legitimate, recognized natural or adopted child wholly dependent upon and living with the taxpayer if such dependents are not more than twenty-one years of age, unmarried, and not gainfully employed or if they are incapable of self-support because of mental or physical defect. The additional exemption under this subsection shall be

allowed only if the person making the return is either married or head of the family: Provided, however, That the total number of dependents for which additional exemptions may be claimed shall not exceed four dependents: Provided, further, That an additional exemption of One Thousand Pesos (P1,000.00) shall be allowed for each child who otherwise qualified as dependent prior to January 1, 1980.

"In the case of an individual who derives compensation and other incomes, the amount of personal and additional exemptions granted under this Section shall be deducted first from the gross compensation income. Any excess of the basic personal exemption allowed under paragraphs (a) and (b) and additional exemption for dependents under paragraph (c) hereof shall be deducted from other income."

SEC. 2. This Decree shall take effect immediately upon its approval and shall cover compensation income earned in calendar year 1983.

Done in the City of Manila, this 6th day of July, in the year of Our Lord, nineteen hundred and eighty-three.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) JUAN C. TIVERA
Presidential Executive Assistant

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