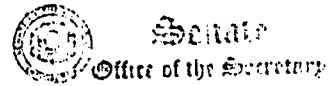


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



SENATE  
S. No. 1706

20 JUL 16 P 4 :06

RECEIVED

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Introduced by Senator Francis "Tol" N. Tolentino & Senator Win Gatchalian

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**AN ACT  
PROVIDING FOR TAX INCENTIVES FOR EMPLOYEES ON A WORK-FROM-HOME OR TELECOMMUTING PROGRAM, FURTHER AMENDING FOR THE PURPOSE, REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The COVID-19 pandemic has single-handedly brought down the world's economy in a matter of months. In the Philippines, as the number of cases traversed the fifty thousandth mark, more and more people are experiencing and suffering from its effects, not just on their health and incomes, but on our entire economy.

As to how the pandemic has greatly affected our labor force, during the first five weeks of the Luzon-wide Enhanced Community Quarantine alone, over 2 million employees were displaced wherein about 70% of were brought about by temporary business closures and the other 30% were forced to adopt alternative working arrangements such as reduced working days and hours, forced leave, and work-from-home or telecommuting programs.

As a consequence of these events, telecommuting has become the new normal. Be it because of the continued health and safety risks posed by physically reporting to work during this pandemic or because of the realization of the benefits

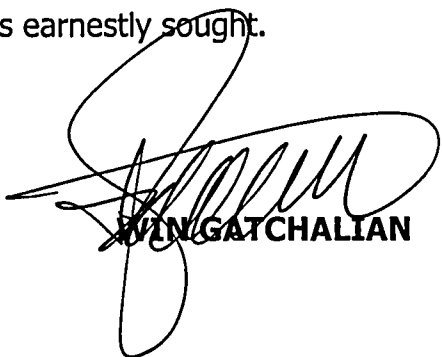
and advantages of working from home, telecommuting has permeated into society and is most likely here to stay.

While telecommuting has provided Filipino employees with much needed flexibility and convenience in performing their daily tasks, it has also provided challenges like increased electricity bills, unreliable internet connectivity, increased stress, disturbed mental health, and more as Filipinos still try to hastily adapt to this new normal. In this light, it is but proper to legislate measures that would assist the Filipinos transitioning to new modes of work and alleviate their concerns. One of these concerns is the sudden surge of electricity expenses at home.

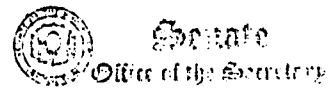
Therefore, this measure seeks to provide telecommuting employees, with allowable tax deductions for electricity expenses to cushion the blow on the probable surge in their bills as they adapt to telecommuting, if their employers do not provide them with allowance. Should the employers provide allowances, this bill also aims to classify those allowances as tax exempt ensuring that employees who receive such allowances enjoy the benefit to its full extent. Lastly, this bill encourages employers to provide much needed allowances to their employees by allowing them to deduct an additional 50% of the amounts they provide for income tax purposes.

In view of the foregoing, the passage of this bill is earnestly sought.

  
**FRANCIS "TOL" N. TOLENTINO**

  
**WIN GATCHALIAN**

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )



**SENATE**  
**S. No. 1706**

20 JUL 16 P4:07

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Introduced by Senator Francis "Tol" N. Tolentino & Senator Win Gatchalian

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**AN ACT**  
**PROVIDING FOR TAX INCENTIVES FOR INDIVIDUALS ON A WORK-FROM-HOME OR TELECOMMUTING PROGRAM, FURTHER AMENDING FOR THE PURPOSE, REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AND FOR OTHER PURPOSES**

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

1 Section 1. Section 34 of Republic Act No. 8414 is hereby amended to read as  
2 follows:

3 "Sec. 34. Deductions from Gross Income. - Except for taxpayers earning  
4 compensation income arising from personal services rendered under an  
5 employer-employee relationship where no deductions shall be allowed under  
6 this Section, **EXCEPT AS OTHERWISE PROVIDED FOR HEREIN IN CASE**  
7 **OF WORK-FROM-HOME AND TELECOMMUTING EMPLOYEES**, in  
8 computing taxable income subject to income tax under Sections 24(A); 25(A);  
9 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following  
10 deductions from gross income:

11 (A) Expenses -

12 (1) Ordinary and Necessary Trade, Business or Professional Expenses-

13 (a) XXX

14 (b) XXX

1 (c) XXX

2 (D) WORK-FROM-HOME OR TELECOMMUTING  
3 EMPLOYEES. – NOTWITHSTANDING THE FIRST  
4 PARAGRAPH OF THIS SECTION, INDIVIDUALS EARNING  
5 COMPENSATION INCOME SHALL BE ENTITLED TO A  
6 DEDUCTION OF TWENTY-FIVE PESOS (P25.00) FROM  
7 THEIR TAXABLE INCOME FOR EVERY HOUR WORKED  
8 UNDER A WORK-FROM-HOME OR TELECOMMUTING  
9 ARRANGEMENT. PROVIDED, THAT, THE EMPLOYEE  
10 SHALL CERTIFY UNDER OATH, THE NUMBER OF HOURS  
11 SERVED UNDER THE WORK-FROM-HOME OR  
12 TELECOMMUTING PROGRAM FOR THE YEAR, WHICH  
13 SHALL BE FILED AS AN ATTACHMENT TO THE  
14 EMPLOYEE'S INCOME TAX RETURN.

15  
16 ALLOWANCES OR OTHER BENEFITS GRANTED BY  
17 EMPLOYERS TO THEIR EMPLOYEES TO COVER  
18 EXPENSES NECESSARY FOR TELECOMMUTING, NOT  
19 EXCEEDING TWO THOUSAND PESOS (P2,000) PER  
20 MONTH, SHALL BE CONSIDERED AS A NON-TAXABLE  
21 BENEFIT. AMOUNTS GRANTED IN EXCESS SHALL BE  
22 SUBJECTED TO EXISTING TAX RULES. PROVIDED, THAT,  
23 EMPLOYEES RECEIVING THIS BENEFIT SHALL NO  
24 LONGER BE ENTITLED TO THE HOURLY DEDUCTION  
25 FROM INCOME TAX PROVIDED FOR IN THE PRECEDING  
26 PARAGRAPH. PROVIDED FURTHER, THAT, EMPLOYERS  
27 SHALL BE ENTITLED TO AN ADDITIONAL FIFTY  
28 PERCENT (50%) INCOME TAX DEDUCTION FOR  
29 ALLOWANCES GRANTED WITHIN THE SPECIFIED  
30 CEILING.

31  
32 XXX

1           **Sec. 2. *Implementing Rules and Regulations.*** — The Department of Finance,  
2 together with the Bureau of Internal Revenue shall promulgate the rules and  
3 regulations to implement this Act within ninety (90) days from the effectivity of this  
4 Act.

5           **Sec. 3. *Separability Clause.*** —If any provision or part thereof is held invalid or  
6 unconstitutional, the remainder of the law or the provision not otherwise affected  
7 shall remain valid and subsisting.

8           **Sec. 4. *Repealing Clause.*** — Any law, presidential decree or issuance,  
9 executive order, letter of instruction, administrative order, rule, or regulation  
10 contrary to or inconsistent with the provisions of this Act is hereby repealed,  
11 modified, or amended accordingly.

12           **Sec. 5. *Effectivity Clause.*** — This Act shall take effect fifteen (15) days after  
13 its publication in at least two (2) newspapers of general circulation.

Approved