

REPUBLIC ACT NO. 7833

AN ACT TO EXCLUDE THE BENEFITS MANDATED PURSUANT TO REPUBLIC ACT NO. 6686 AND PRESIDENTIAL DECREE NO. 851, AS AMENDED, AND OTHER BENEFITS FROM THE COMPUTATION OF GROSS COMPENSATION INCOME FOR PURPOSES OF DETERMINING TAXABLE COMPENSATION INCOME, AMENDING FOR THE PURPOSE SECTION 28(B)(8) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

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

SECTION 1. A new sub-paragraph to be known as sub-paragraph (F) is hereby inserted at the end of Section 28(b)(8) of the National Internal Revenue Code, as amended, which shall read as follows:

- "(F) 13th month pay and other benefits.
- "(i) Benefits received by officials and employees of the national and local governments pursuant to Republic Act No. 6686;
- "(ii) Benefits received by employees pursuant to Presidential Decree No. 851, as amended by Memorandum Order No. 28, dated August 13, 1986;
- "(iii) Benefits received by officials and employees not covered by Presidential Decree No. 851, as amended; and
- "(iv) Other benefits such as productivity incentives and Christmas bonus in an amount not exceeding Twelve thousand pesos (P12,000) which shall be integrated in the 13th month pay solely for purposes of this Act.

"*Provided, however,* That the exclusion shall only apply to the first Thirty thousand pesos (P30,000)."

SEC. 2. The exclusion herein provided shall cover benefits paid or accrued beginning January 1, 1994.

For purposes of reimbursing the officials or employees who may have received the benefits covered by this Act before its effectivity, the withholding agents are hereby authorized not to deduct the withholding taxes in the immediately succeeding payroll periods corresponding to the amount previously withheld from the benefits.

SEC. 3. 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 the provision of this Act.

SEC. 4. All laws, decrees, orders, rules and regulations and other issuances inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 5. This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in any two (2) newspapers of general circulation, whichever comes earlier.

Approved, December 8, 1994.