

[REPUBLIC ACT NO. 7833, December 08, 1994]

**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