

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

23 JUL 17 P2:37

RECEIVED BY: 

SENATE
S. No. 2308

Introduced by Senator MARK A. VILLAR

AN ACT
CREATING A TAX-FREE MINORS' DEPOSIT ACCOUNT, AMENDING FOR THE
PURPOSE PRESIDENTIAL DECREE NO. 1158, AS AMENDED, OTHERWISE
KNOWN AS THE NATIONAL INTERNAL REVENUE CODE

EXPLANATORY NOTE

According to World Bank, only 25.0% of adult Filipinos are informed with fundamental financial concepts.¹ The Philippines placed in the bottom 30 of 144 countries, based on the global research on financial literacy conducted by the Standard & Poor's Global Ratings. This information demonstrates the fact that financial literacy is still a work in progress for many Filipinos.

Financial literacy must start at an early age. Saving practices and preferences formed during childhood stay through adulthood, and being familiar with financial concepts impacts their financial decisions.

By fostering and educating financial literacy from an early age, long-term improvements in Filipino mindsets about savings and finance can be achieved. Tax-free savings and investments for children were established due to similar concerns overseas, like the United States and the United Kingdom.

¹ Bangko Sentral ng Pilipinas Media and Research - Speeches. (n.d.). www.bsp.gov.ph.
<https://www.bsp.gov.ph/SitePages/MediaAndResearch/SpeechesDisp.aspx?ItemId=993>

Thus, this bill seeks to incentivize minors to save their money in bank deposits. Interest income accruing to bank deposits, of whatever nature, held by minors shall be exempt from tax. The tax exemption covers deposits amounting to not more than One Hundred Thousand Pesos (Php 100,000.00), the average amount of Filipino deposit account. The proposed policy aims to develop a sustainable culture of financial literacy throughout the country.

In light of the foregoing, the approval of this bill is earnestly sought.



MARK A. VILLAR



Senate
Office of the Secretary

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

1 Section 1. *Short Title.* – This Act shall be known as the "Kiddie Savers Act".

2 Sec. 2. *Policy Statement.* – It is the policy of State to promote financial literacy
3 and stability among its citizens. Further, the State shall promote a culture of long-term
4 saving and investment. In line with this, the State shall create awareness regarding the
5 importance of financial security and encourage the youth to learn more about good
6 spending habits.

7 Sec. 3. *Tax Free Minor Deposit Accounts.* – Interest income accruing to bank
8 deposits, of whatever nature, held by minors shall be exempt from tax: *Provided*, That
9 such exemption shall only be used with respect to deposits opened and maintained in
10 one banking institution so designated by the minor and/or the person exercising parental
11 authority over him: *Provided further*, That the aggregate total of all deposit accounts held
12 by a minor within the designated banking institution shall not exceed One Hundred
13 Thousand Pesos (Php100,000.00): *Provided finally*, That in cases where the aggregate
14 total shall exceed One Hundred Thousand Pesos (Php100,000.00), such excess shall be
15 subject to tax.

2 **PROVIDED, FINALLY, THAT THE FINAL TAX IMPOSED IN THIS SECTION**
3 **SHALL BE SUBJECT TO THE PROVISIONS OF THE KIDDIE SAVERS' ACT**

4 *Sec. 7. Implementing Rules and Regulations.* – The Bureau of Internal Revenue
5 (CBIR") and the Bangko Sentral ng Pilipinas (BSP"), shall formulate the necessary rules
6 and regulations for the effective implementation of this Act.

7 *Sec. 8. Repealing Clause.* – All laws, decrees, executive orders, issuances, rules
8 and regulations, or parts thereof inconsistent with the provisions of this Act are hereby
9 repealed or modified accordingly.

10 *Sec. 9. Separability Clause.* – If any provision or part of this Act shall be declared
11 invalid or unconstitutional, the remaining parts or provisions not affected shall remain in
12 full force and effect.

13 *SEC. 10. Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
14 publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,