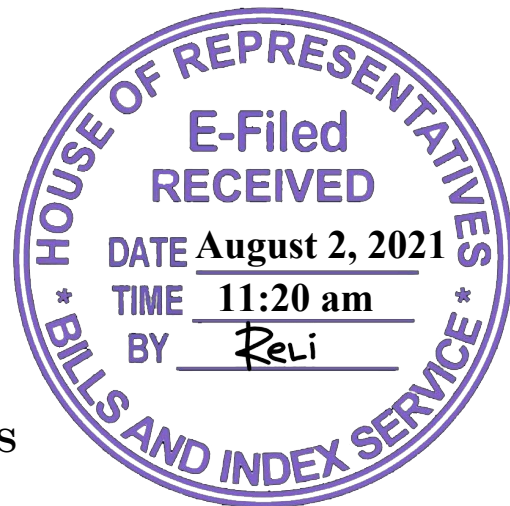




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
Third Regular Session



COMMITTEE REPORT NO. 1100

Submitted by the Committee on Ways and Means on **August 2, 2021**

Re: House Bill No. **9913**

Recommending its approval in substitution of House Bills No. 9573, 9577, 9596, 9672, and House Resolutions No. 1858 and 1877

Sponsors: Representatives Joey Sarte Salceda, Francisco “Kiko” B. Benitez, Rufus B. Rodriguez, Luis Raymund “LRay” F. Villafuerte Jr., Joy Myra S. Tambunting, and Mark O. Go

Mr. Speaker:

The Committee on Ways and Means to which were referred House Bill No. 9573, introduced by Rep. Francisco “Kiko” B. Benitez, entitled:

“AN ACT AMENDING SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES”;

House Bill No. 9577, introduced by Rep. Rufus B. Rodriguez, entitled:

“AN ACT AMENDING SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES”;

House Bill No. 9596, introduced by Rep. Joey Sarte Salceda, entitled:

“AN ACT AMENDING SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED”;

House Bill No. 9672, introduced by Rep. Luis Raymund “LRay” F. Villafuerte Jr., entitled:

“AN ACT AMENDING SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES”;

House Resolution No. 1858, introduced by Rep. Joy Myra S. Tambunting, entitled:

“A RESOLUTION URGING THE BUREAU OF INTERNAL REVENUE TO AMEND REVENUE REGULATION NO. 5-2021, WHICH RAISES THE TAX OF PROPRIETARY EDUCATIONAL INSTITUTIONS FROM 10% TO 25%”; and

House Resolution No. 1877, introduced by Rep. Mark O. Go, entitled:

“RESOLUTION URGING THE BUREAU OF INTERNAL REVENUE TO REVOKE REVENUE REGULATION NO. 5-2021”

has considered the same and recommends that the attached House Bill No. 9913, entitled:

“AN ACT CLARIFYING THE INCOME TAXATION OF PROPRIETARY EDUCATIONAL INSTITUTIONS, AMENDING FOR THE PURPOSE SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED”

be approved in substitution of House Bills Numbered 9573, 9577, 9596, 9672, and House Resolutions Numbered 1858 and 1877, with Representatives Joey Sarte Salceda, Francisco “Kiko” B. Benitez, Rufus B. Rodriguez, Luis Raymund “LRay” F. Villafuerte Jr., Joy Myra S. Tambunting, Mark O. Go, Sharon S. Garin, Estrellita B. Suansing, Horacio P. Suansing, Jr., Kristine Singson-Meehan, Julienne “Jam” L. Baronda, Cristal L. Bagatsing, Antonio “Tonypet” T. Albano, Ruffy B. Biazon, Mohamad Khalid Q. Dimaporo, Edward Vera Perez Maceda, Alfred C. Delos Santos, Juan Miguel Macapagal Arroyo, Raneo “Ranie” E. Abu, Michael B. Gorriceta, Jose Gay G. Padiernos, Mario Vittorio “Marvey” A. Mariño, Ronnie L. Ong, Stella Luz A. Quimbo, Lorenz R. Defensor, Alfredo A. Garbin, Jr., Angelica Natasha Co, John Reynald M. Tiangco, Sandra Y. Eriguel, M.D., Florida “Rida” P. Robes, Luisa Lloren Cuaresma, Rosanna “Ria” V. Vergara, Edgar Mary S. Sarmiento, John Marvin “Yul Servo” C. Nieto, Deogracias Victor “DV” B. Savellano, Ria Christina G. Fariñas, Amihilda J. Sangcopan, Ferdinand L. Hernandez, Jesus “Bong” C. Suntay, Jumel Anthony I. Espino, Evelina G. Escudero, Rose Marie “Baby” J. Arenas, Divina Grace C. Yu, Micaela S. Violago, Pablo John F. Garcia, Sergio C. Dagooc, Alfel M. Bascug, Sonny “SL” L. Lagon, Arnie B. Fuentesbella, Loren Legarda, Joaquin M. Chipeco, Jr., Jose “Jun” L. Ong, Jr., Alyssa Sheena P. Tan, Jake Vincent Villa, Weslie Gatchalian, Cheryl P. Deloso-Montalla, Jose “Ping-Ping” I. Tejada, Janice Z.

Salimbangon, Alan 1 B. Ecleo, Allan Benedict S. Reyes, Aleta C. Suarez, Eduardo "Eddie" R. Gullas, Strike B. Revilla, Angelina "Helen" D.L. Tan, M.D., Teodorico T. Haresco, Jr., Adriano A. Ebcas, Rico B. Geron, Virgilio S. Lacson, Lawrence "Law" H. Fortun, Cesar "Jawo" L. Jimenez, Jr., Jericho Jonas B. Nograles, France L. Castro, Arlene D. Brosas, Anthony Peter "Onyx" D. Crisologo, Wilton "Tonton" Tan Kho, and Manuel Jose "Mannix" M. Dalipe as authors thereof.

Respectfully submitted,



REP. JOEY SARTE SALCEDA
Chairperson
Committee on Ways and Means

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 9913

(in substitution of House Bills No. 9573, 9577, 9596, 9672, and House Resolutions No. 1858 and 1877)

Introduced by Representatives Joey Sarte Salceda, Francisco “Kiko” B. Benitez, Rufus B. Rodriguez, Luis Raymund “LRay” F. Villafuerte Jr., Joy Myra S. Tambunting, Mark O. Go, Sharon S. Garin, Estrellita B. Suansing, Horacio P. Suansing, Jr., Kristine Singson-Meehan, Julienne “Jam” L. Baronda, Cristal L. Bagatsing, Antonio “Tonypet” T. Albano, Ruffy B. Biazon, Mohamad Khalid Q. Dimaporo, Edward Vera Perez Maceda, Alfred C. Delos Santos, Juan Miguel Macapagal Arroyo, Raneo “Ranie” E. Abu, Michael B. Gorriceta, Jose Gay G. Padiernos, Mario Vittorio “Marvey” A. Mariño, Ronnie L. Ong, Stella Luz A. Quimbo, Lorenz R. Defensor, Alfredo A. Garbin, Jr., Angelica Natasha Co, John Reynald M. Tiangco, Sandra Y. Eriguel, M.D., Florida “Rida” P. Robes, Luisa Lloren Cuaresma, Rosanna “Ria” V. Vergara, Edgar Mary S. Sarmiento, John Marvin “Yul Servo” C. Nieto, Deogracias Victor “DV” B. Savellano, Ria Christina G. Fariñas, Amihilda J. Sangcopan, Ferdinand L. Hernandez, Jesus “Bong” C. Suntay, Jumel Anthony I. Espino, Evelina G. Escudero, Rose Marie “Baby” J. Arenas, Divina Grace C. Yu, Micaela S. Violago, Pablo John F. Garcia, Sergio C. Dagooc, Alfel M. Bascug, Sonny “SL” L. Lagon, Arnie B. Fuentesbella, Loren Legarda, Joaquin M. Chipeco, Jr., Jose “Jun” L. Ong, Jr., Alyssa Sheena P. Tan, Jake Vincent Villa, Weslie Gatchalian, Cheryl P. Deloso-Montalla, Jose “Ping-Ping” I. Tejada, Janice Z. Salimbangon, Alan I B. Ecleo, Allan Benedict S. Reyes, Aleta C. Suarez, Eduardo “Eddie” R. Gullas, Strike B. Revilla, Angelina “Helen” D.L. Tan, M.D., Teodorico T. Haresco, Jr., Adriano A. Ebcas, Rico B. Geron, Virgilio S. Lacson, Lawrence “Law” H. Fortun, Cesar “Jawo” L. Jimenez, Jr., Jericho Jonas B. Nograles, France L. Castro, Arlene D. Brosas, Anthony Peter “Onyx” D. Crisologo, Wilton “Tonton” Tan Kho, and Manuel Jose “Mannix” M. Dalipe

AN ACT
CLARIFYING THE INCOME TAXATION OF PROPRIETARY EDUCATIONAL INSTITUTIONS, AMENDING FOR THE PURPOSE SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 **Section 1.** Section 27(B) of the National Internal Revenue Code of 1997, as amended, is hereby
2 further amended to read as follows:

3
4 **“SEC. 27. Rates of Income tax on Domestic Corporations. –**

5 xxx

6
7 **(B) Proprietary Educational Institutions and NON-PROFIT Hospitals.– ALL**
8 Proprietary educational institutions and [hospitals which are nonprofit] **NON-**
9 **PROFIT HOSPITALS** shall pay a tax of ten percent (10%) on their taxable
10 income except those covered by Subsection (D) hereof: *Provided*, That beginning
11 July 1, 2020 until June 30, 2023, the tax rate herein imposed shall be one percent
12 (1%): *Provided, further*, That if the gross income from 'unrelated trade, business or
13 other activity' exceeds fifty percent (50%) of the total gross income derived by such
14 **PROPRIETARY** educational institutions [or] **AND NON-PROFIT** hospitals
15 from all sources, the tax prescribed in Subsection (A) hereof shall be imposed on
16 the entire taxable income. For purposes of this Subsection, the term 'unrelated trade,
17 business or other activity' means any trade, business or other activity, the conduct
18 of which is not substantially related to the exercise or performance by such
19 **PROPRIETARY** educational institution [or] **AND NON-PROFIT** hospital of its
20 primary purpose or function. 'Proprietary' means a private hospital, or any private
21 school **ORGANIZED AS A STOCK CORPORATION**, maintained and
22 administered by private individuals or groups with an issued permit to operate from
23 **THE DEPARTMENT OF HEALTH (DOH)**, the Department of Education
24 (DepEd), or the Commission on Higher Education (CHED), or the Technical
25 Education and Skills Development Authority (TESDA), as the case may be, in
26 accordance with existing laws and regulations: **PROVIDED, FURTHERMORE,**
27 **THAT PROPRIETARY EDUCATIONAL INSTITUTIONS AND NON-**
28 **PROFIT HOSPITALS AS DEFINED HEREIN SHALL PAY AN INCOME**
29 **TAX RATE OF 10% FROM JANUARY 1, 2012 TO JUNE 30, 2020.**
30 **PROVIDED, FINALLY, THAT NO TAX CREDIT OR REFUND SHALL BE**
31 **GRANTED TO PROPRIETARY EDUCATIONAL INSTITUTIONS AND**
32 **NON-PROFIT HOSPITALS AS A RESULT OF THE REDUCED TAX**
33 **RATE OVER THE SAID PERIOD.**

34
35 **NOTWITHSTANDING THE PROVISIONS IN THE PRECEDING**
36 **PARAGRAPHS AND IN SECTION 30(H) OF THIS CODE, THE INCOME**
37 **OF NON-STOCK, NON-PROFIT EDUCATIONAL INSTITUTIONS NOT**
38 **USED ACTUALLY, DIRECTLY AND EXCLUSIVELY FOR**
39 **EDUCATIONAL PURPOSES SHALL BE SUBJECT TO THE RATE OF**
40 **TAX UNDER THIS SUBSECTION.**

41
42 **Sec. 2. Repealing Clause. –** All laws, decrees, executive orders, rules and regulations or parts
43 thereof, which are inconsistent with this Act, are hereby repealed, amended or modified
44 accordingly.

45
46 **Sec. 3. Effectivity. –** This Act shall take effect immediately upon its publication in the *Official*
47 *Gazette* or in a newspaper of general circulation.

48

1 *Approved,*

House of Representatives
Committee Affairs Department

FACT SHEET

House Bill No. 9913

(In substitution of House Bills No. 9573, 9577, 9596, 9672,
and House Resolutions No. 1858 and 1877)

**AN ACT CLARIFYING THE INCOME TAXATION OF PROPRIETARY
EDUCATIONAL INSTITUTIONS, AMENDING FOR THE PURPOSE
SECTION 27 (B) OF THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED**

Introduced by REPRESENTATIVES JOEY SARTE SALCEDA, FRANCISCO "KIKO" B. BENITEZ, RUFUS B. RODRIGUEZ, LUIS RAYMUND "LRAY" F. VILLAFUERTE JR., JOY MYRA S. TAMBUNTING, MARK O. GO, SHARON S. GARIN, ESTRELLITA B. SUANSING, HORACIO P. SUANSING, JR., KRISTINE SINGSON-MEEHAN, JULIENNE "JAM" L. BARONDA, CRISTAL L. BAGATSING, ANTONIO "TONYPET" T. ALBANO, RUFFY B. BIAZON, MOHAMAD KHALID Q. DIMAPORO, EDWARD VERA PEREZ MACEDA, ALFRED C. DELOS SANTOS, JUAN MIGUEL MACAPAGAL ARROYO, RANEO "RANIE" E. ABU, MICHAEL B. GORRICETA, JOSE GAY G. PADIERNOS, MARIO VITTORIO "MARVEY" A. MARIÑO, RONNIE L. ONG, STELLA LUZ A. QUIMBO, LORENZ R. DEFENSOR, ALFREDO A. GARBIN, JR., ANGELICA NATASHA CO, JOHN REYNALD M. TIANGCO, SANDRA Y. ERIGUEL, M.D., FLORIDA "RIDA" P. ROBES, LUISA LLOREN CUARESMA, ROSANNA "RIA" V. VERGARA, EDGAR MARY S. SARMIENTO, JOHN MARVIN "YUL SERVO" C. NIETO, DEOGRACIAS VICTOR "DV" B. SAVELLANO, RIA CHRISTINA G. FARIÑAS, AMIHILDA J. SANGCOPAN, FERDINAND L. HERNANDEZ, JESUS "BONG" C. SUNTAY, JUMEL ANTHONY I. ESPINO, EVELINA G. ESCUDERO, ROSE MARIE "BABY" J. ARENAS, DIVINA GRACE C. YU, MICAELA S. VIOLAGO, PABLO JOHN F. GARCIA, SERGIO C. DAGOOC, ALFEL M. BASCUG, SONNY "SL" L. LAGON, ARNIE B. FUENTEBELLA, LOREN LEGARDA, JOAQUIN M. CHIPECO, JR., JOSE "JUN" L. ONG, JR., ALYSSA SHEENA P. TAN, JAKE VINCENT VILLA, WESLIE GATCHALIAN, CHERYL P. DELOSO-MONTALLA, JOSE "PING-PING" I. TEJADA, JANICE Z. SALIMBANGON, ALAN 1 B. ECLEO, ALLAN BENEDICT S. REYES, ALETA C. SUAREZ, EDUARDO "EDDIE" R. GULLAS, STRIKE B. REVILLA, ANGELINA "HELEN" D.L. TAN, M.D., TEODORICO T. HARESCO, JR., ADRIANO A. EBCAS, RICO B. GERON, VIRGILIO S. LACSON, LAWRENCE "LAW" H. FORTUN, CESAR "JAWO" L. JIMENEZ, JR., JERICHO JONAS B. NOGRALES, FRANCE L. CASTRO, ARLENE D. BROSAS, ANTHONY PETER "ONYX" D. CRISOLOGO, WILTON "TONTON" TAN KHO, AND MANUEL JOSE "MANNIX" M. DALIPE

*Committee Referral: **COMMITTEE ON WAYS AND MEANS***

*Committee Chairperson: **HON. JOEY SARTE SALCEDA***

OBJECTIVES:

- To define the tax rate for proprietary educational institutions

- To extend the tax relief granted under Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, to all proprietary educational institutions

KEY PROVISIONS:

- Distinguishes the application of Section 27 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended between proprietary educational institutions and non-profit hospitals;
- Extends to all proprietary educational institutions the 10% preferential income tax rate beginning taxable year 2012 under certain conditions;
- Entitles all proprietary educational institutions to the 1% preferential income tax rate beginning 1 July 2020 until 30 June 2023 under certain conditions; and
- Provides that no credit or refund of taxes or penalties shall be given resulting from the availment of the reduced income tax rates under Section 27 (B) of the NIRC of 1997, as amended.

RELATED LAW:

- Republic Act No. 8424, otherwise known as the “National Internal Revenue Code of 1997”, as amended