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REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 593



Introduced by REP. FRANCIS G. ESCUDERO

EXPLANATORY NOTE

The importance of media and education in national development is enshrined in the following provisions of the Constitution:

"The State recognizes the vital role of communication and information in nation-building." (Article II, Section 24)

"The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all." (Article XIV, Section 1)

The process of learning demands an effective avenue for knowledge transfer. The broadcast and print media are always in constant contact with the population. They play a potentially active and efficient role in disseminating educational information.

The broadcast and print industry is currently market driven. Corporate sponsors prefer to advertise in shows that have a big audience share.

Cognizant of this reality, and recognizing its importance to the present educational program, this Bill grants tax incentives to educational programs and publications, together with their respective advertisers and sponsors. It is hoped that the measures contained in this Bill with alleviate the economic plight of the media industry as a whole and shall become an effective tool in the success of the national educational program.

Admittedly, media is an effective alternate vehicle to deliver educational services to our population. In this context, every Filipino can be extended educational services beyond the four corners of the classroom and in the comfort of their homes.

In view of the foregoing consideration, early approval of this Bill is earnestly sought.

FRANCIS G. ESCUDERO

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AN ACT
GRANTING TAX INCENTIVES TO BROADCAST AND PRINT MEDIA DEVOTING AIR TIME AND SPACE TO EDUCATION, AS WELL AS, TO SPONSORS SUPPORTING SUCH PROGRAMS AND FOR OTHER PURPOSES

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

SECTION 1. *Declaration of Policy.* – It is hereby declared the Policy of the State to recognize the vital roles of communication and information in nation building and shall take appropriate steps to make education accessible to all.

Pursuant to this Policy, the State shall promote, support and provide incentives to broadcast and print media, as well as, to sponsors or advertisers, who provide air time and print space for educational purposes.

SECTION 2. *Coverage.* – This Act shall apply to all kinds of mass media operating within the Republic of the Philippines.

SECTION 3. Definition of Terms. – When used in this Act. –

(a) "*Mass Media,*" media for brevity, refers to the means of communications which include both broadcast and print media directed to the public at large;

(b) "*Broadcast Media*" – refers to radio, television, cable broadcast and the like;

(c) "*Print Media*" – refers to newspapers, magazines, reviews bulletins and other publications appearing at regular intervals, with fixed prices for subscription and sale and published within the Philippines;

(d) "*Commercials and Advertisements*" – shall mean announcement, description, presentation, advertising or promotion of goods or services, in newspapers, magazine, television, radio and cable broadcast, etc;

(e) "*Advertisers or Sponsor*" – shall mean the owner or the principal of the thing, product, goods or service to be advertised; and

(f) "Educational Purposes" – includes but not limited to, educational programs, publications, commercials and advertisement which:

1. give positive influence or entertainment;
2. promote social values;
3. promote the importance of basic education;
4. improve the image of technical education and skills training and to inculcate the necessary values needed for productive employment;
5. propagate culture, foster patriotism and nationalism and other values that serve as an instrument in strengthening Filipino sovereignty, identity, national unity and integration;
6. propagate awareness of rights and duties of citizens as enshrined in the constitution and in other laws of the land;

7. and such other similar descriptions, the Secretary of Education may provide pursuant to the implementation of this Act.

SECTION 4. *Tax Exempt Importation* – The provision of existing laws to the contrary notwithstanding the machinery, equipment, tools for production, spare parts, supplies, materials and transportation and communication facilities to be used actually, directly and exclusively for educational purposes by media producers and publishers are not subject to Duty and Internal Revenue Tax: *Provided*, That the National Economic and Development Authority certifies to the availability of the above-mentioned items in the local market of sufficient quantity, comparable quality, and price to meet the needs of the producers and publishers subject to existing taxes, the importation of said items shall be subject to applicable taxes: *Provided*, further, That such tax-exempt items brought or imported into the country are subsequently sold, transferred or exchanged in the Philippines to be devoted to non-educational purposes, the purchasers or recipients shall be considered the importer thereof, and shall be liable of the Duty and Internal Revenue Tax due on such importation, subject to depreciation allowance. The tax due on such items shall constitute a lien on the article itself, superior to all other charges or liens, irrespective of the possessor thereof.

SECTION 5. *Donations for Educational Purposes.* - For purposes of this Act, any amount paid and contributed for educational programs and publications by any individual or corporation which shall not exceed ten (10) percent of their respective annual income computed without the benefit of any tax incentive under existing law shall be tax deductible.

Properties other than cash donated shall be valued in accordance with the rules and regulations prescribed by the Secretary of Finance.

SECTION 6. *Program and Publication* - The net income derived from educational programs and publications shall be tax-exempt for five (5) years from the start of its initial operation or until the producer and publisher shall have attained reasonable return of their investment. Thereafter, no part of the net income which inures to the benefit of the producer or publisher in an amount not in excess of twenty-five (25) percent of the taxable income derived from the program or publication shall be allowed. The excess amount of the net income shall be devoted for the enhancement of the educational program and for other educational purposes.

SECTION 7. *Commercial and Advertisement* – All expenses incurred in the production of commercials and advertisements with educational impact, approved by the Secretary of Education or any equivalent government agency, endorsed by the Kapisanan ng mga Broadkaster sa Pilipinas, Publisher's Association of the Philippines, Philippine Press Institute and other media organization, shall enjoy tax deduction of not more than ten (10) percent of the gross operating expenses of the advertisers or sponsors: Provided, That these commercials and advertisements are actuallydelivered to the general public.

SECTION 8. *Airtime Rates and Cost of Space* – Broadcast and Print Media shall give ten (10) percent lower airtime rates and cost of space for every paid feature of production and publication with educational content, as approved and certified by the Secretary of Education or any equivalent government agency and endorsed by broadcast and print recognized organizations, the difference from the regular rates shall be chargeable to the value added tax accruable.

SECTION 9. *Government Cooperation* – Every department, bureau, office, agency or instrumentality of the government, including government-

owned and controlled corporations, are enjoined to cooperate with the private sector in order to achieve the objectives of this Act.

SECTION 10. *Separability Clause* – If any provision of this Act shall be declared unconstitutional, the provisions which are not affected thereby shall continue in force and effect.

SECTION 11. *Repealing Clause* – Any law, act, decree, order, proclamation, regulation or any part hereof is inconsistent with this Act is hereby repealed and modified accordingly.

SECTION 12. *Effectivity Clause* - This Act shall take effect upon approval.

Approved,