

Republic of the Philippines
House of Representatives
Quezon City

Fifteenth Congress
First Regular Session

HOUSE BILL NO. 3765

Introduced by Representative DEOGRACIAS B. RAMOS, Jr.

**AN ACT GRANTING TAX DEDUCTIONS TO PARENTS AND LEGAL
GUARDIANS OF CHILDREN WITH SPECIAL NEEDS**

EXPLANATORY NOTE

This bill seeks to ease the financial burden on families who have children with special needs. Parents and legal guardians will be allowed a tax deduction to help deal with expenses incurred for the child's therapy, education and treatment.

Children with disabilities have personal challenges far in excess of those considered regular and healthy children. Parents need to pay for specialized services such as occupational, physical and speech therapies to improve the quality of life of their children.

The Department of Education's Special Education Division estimates the cost for taking care of a child with a disability is at least double compared to regular children.

A child with a disability is understood to be a child who is intellectually disabled, has hearing impairments (including deafness), speech or language impairments, visual impairments, serious emotional disturbance, orthopedic impairments, autism and traumatic brain injury.

Based on the 2009 Family Income and Expenditure Survey, Filipino families earned an average of P206,000 and spent Php176,000 on the average. This translates to an average annual family savings of P31,000 in 2009. On a monthly basis, the reported average income was P17,200 and average expenditure was P14,700.

Families in the bottom 30% income group reported an average annual family income of P62,000. Families in the upper 70% income group earned an average annual income of P268,000. On a monthly basis, the average income of the families in the bottom 30% was P5,200 while the upper 70% earned an average of P22,300.

Children with a learning disability topped the list of special needs children enrolled in a public elementary school as of 2009. A total of 51,296 children were assessed as learning disabled, while the number of mentally retarded/intellectually disabled children stood at 13,119. Children who are hearing impaired ranked third with 12,039.

For School Year 2007 to 2008, the number of enrolled children with special needs in public and private elementary schools stood at 92,429. This translates to a 27.6% increase compared to School Year 2004 to 2005's total of 79,118. Many children no longer pursue secondary education or stay in elementary schools for an extended period of time.

In the provinces, children with different disabilities are often grouped together rather than have separate classes for each condition. Ideally, there should be 10 to 15 students per teacher. However, the existing student to teacher ratio is 25:1 and children with different disabilities are grouped in the same class.

This bill aims to help parents and legal guardians provide better support and special care for a child with special needs by reducing their expenses.

The immediate approval of this bill is earnestly sought.



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Second District, Sorsogon

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SECTION 1. *Declaration of Policy* - It is the policy of the State to promote the right of every individual to relevant quality education regardless of sex, age, breed, socio-economic status, physical and mental condition, social or ethnic origin, political and other affiliation. Further, the State shall promote and maintain equality of access to education and medical care as well as the enjoyment of benefits of education by all its citizens.

SECTION 2. *Definition* - For the purposes of this Act, these terms are defined as follows:

Qualified Children with Special Needs - means a legitimate, illegitimate or legally adopted child chiefly dependent and living with the taxpayer. This also covers children with special needs who are placed under the legal custody of an immediate family member or relative. The child should not be more than 13 years of age and must be assessed by the Department of Education's Special Education Division and a medical professional in order to qualify. This does not cover children considered mentally gifted or fast learners.

Autism - A developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age three (3), that adversely affects a child's educational performance. Other characteristics often associated with autism are engagement in repetitive activities and stereotyped movements, resistance to environmental change or change in daily routines, and unusual responses to sensory experiences. The term does not apply if a child's educational performance is adversely affected because the child has an emotional disturbance.

Deafness - A hearing impairment that is so severe that the child is impaired in processing linguistic information through hearing, with or without amplification, that adversely affects a child's educational performance.

Intellectually Disabled – Significantly subaverage general intellectual functioning, existing concurrently with deficits in adaptive behavior and manifested during the developmental period, that adversely affects a child's performance.

Hearing Impaired – An impairment in hearing, whether permanent or fluctuating, that adversely affects a child's performance.

Emotional Disturbance – A condition exhibiting one or more of the following characteristics over a long period of time and to a marked degree that adversely affects a child's educational performance:

- A. An inability to learn that cannot be explained by intellectual, sensory or health factors
- B. An inability to build or maintain satisfactory interpersonal relationships with peers and teachers
- C. Inappropriate types of behaviors or feelings under normal circumstances
- D. A general pervasive mood of unhappiness or depression
- E. A tendency to develop physical symptoms or fears associated with personal or school problems
- ii. The term includes schizophrenia. The term does not apply to children who are socially maladjusted, unless it is determined that they have an emotional disturbance.

Orthopedic Impairment – A severe orthopedic impairment that adversely affects a child's educational performance. The term includes impairments caused by congenital anomaly (e.g., club foot, absence of some member), impairments caused by disease (e.g., poliomyelitis, bone tuberculosis), and impairments from other causes (e.g., cerebral palsy, amputations, and fractures or burns that cause contractures).

Visual Impairment – An impairment in vision that, even with correction, adversely affects a child's educational performance. The term includes both partial and sight blindness.

Traumatic Brain Injury – An acquired injury to the brain caused by an external physical force, resulting in total or partial functional disability or psychosocial impairment or both, and that adversely affects a child's educational performance. The term applies to open or closed head injuries resulting in impairments in one or more areas, such as cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem solving; sensory; perceptual and motor abilities; psychosocial behavior; physical functions; information processing; and speech. The term does not apply to brain injuries that are congenital or degenerative or to brain injuries induced by birth trauma.

Speech or Language Impaired – A communication disorder such as stuttering, impaired articulation, a language impairment, or a voice impairment that adversely affects a child's educational performance.

Specific Learning Disability – A disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in the imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations. Such term includes conditions such as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia.

SECTION 3. *Deduction from Taxable Income* – A qualified taxpayer is entitled to a deduction of P50,000. Expenses that qualify for a deduction are:

- Tuition for a private school
- Therapy
- Diagnostic evaluations by a medical professional
- Tutoring
- Transportation expenses to school or a medical facility
- Specialized instructional materials

The parent or legal guardian must provide more than half of the total financial support for the child to qualify for the deduction.

SECTION 4. *Implementation*. The Bureau of Internal Revenue in consultation with the Department of Education's Special Education Division and Department of Health shall issue such rules and regulations as may be necessary to carry out the purpose of this Act.

SECTION 5. *Effectivity*. This Act shall take effect fifteen (15) days after its publication in the Official Gazette and two (2) newspapers with a nationwide circulation.

Approved,