

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

House Bill No. 5104

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
PROVIDING FOR TAX RELIEF DURING TIMES OF CALAMITY

EXPLANATORY NOTE

Despite the devastation we Filipinos are subjected to in times of calamities, we have always been resilient and showed the world how we can rise to the occasion and stand back up. This was evident during the aftermath of Typhoon Ondoy in 2009 where we were even commended by the international community by exhibiting the best of Filipino traits. The display of camaraderie and empathy by ordinary citizens who risked their lives to save strangers was a common scene in hardly-hit areas. Even hard-earned savings were given freely to charitable organizations to augment relief operations and to serve more of those affected.

This display of heroism and gallantry, however, also brought into the limelight a few bureaucratic glitches that impeded the steady flow of donations. Multinationals and some individuals wanted to give huge sums to organizations to help aid the calamity victims but were faced with a hefty sum for donor's tax. They can avail of an exemption for their donation to charitable organizations but the stiff accreditation requirements became a deterrent. They would also have to submit paperwork to BIR for audit procedures and compounding the problem is the fact that not all organizations with relief operations are accredited charitable organizations.

This humble proposal seeks to addresses all of these concerns. As long as a state of calamity is declared by the proper Sanggunian, donations in favor of the victims shall be exempt from taxation notwithstanding the nature of the business of the donee organization so as not to hamper funds from coming in.

This bill is based on the response of the United States Congress in granting similar tax treatments in the wake of Hurricane Katrina.

In view of the foregoing reasons, the immediate passage into law of this proposed measure is earnestly requested.



DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur



GLORIA MACAPAGAL ARROYO
Second District, Pampanga

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

SECTION 1. *Calamity defined.* – For purposes of this Act, "Calamity" shall be defined as a state of extreme distress or misfortune, produced by some adverse circumstance or event or any great misfortune or cause or loss or misery caused by natural forces.

SECTION 2. *Effect of Declaration of Calamity.* – A declaration of a state of calamity by the proper local Sanggunian shall make effective the following tax relief:

- A) The real property tax in the affected area shall not be assessed and collected for two fiscal years, starting from the date of the declaration of a state of calamity;
- B) Any donation in the name of any organization that declares that the funds donated shall be in favor of the victims of the calamity shall be exempt from donor's tax. This exemption from the donor's tax shall automatically apply and the Bureau of Internal Revenue shall not require any accreditation requirements: *Provided, however,* That no more than 10% of the said gift shall be used by the donee organization for administration purposes.

SECTION 3. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 4. *Separability Clause.* – If, for any reason, any provision of this Act is declared unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 5. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,