

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5601



Introduced by Honorable CARMELO F. LAZATIN

EXPLANATORY NOTE

Despite being one of its main priorities, the government cannot cope with the rising demand for quality and affordable health care services due to lack of resources and even lack of doctors in public hospitals.

This measure seeks to address this alarming situation by encouraging all doctors to help address the problem by providing free medical service and accepting promissory note from patients for services rendered.

The doctors will be accorded tax credit in exchange for their charitable work and for helping alleviate the government's problem.

Approval of this measure is earnestly sought.


CARMELO F. LAZATIN
First District, Pampanga

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**AN ACT GRANTING TAX CREDIT TO DOCTORS GIVING
FREE MEDICAL SERVICE AND ACCEPTING PROMISSORY NOTE**

Sec. 1. Title: This act shall be known as "Tax Credit for Doctors Act of 2011".

Sec. 2. Declaration of Policy: Section 15, Article 2 of the 1987 Constitution clearly mandates that it is State's policy to promote the right and health of the people instill health consciousness among them.,

In addition, Section 13, Article 11 of the 1987 Constitution declares that the State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost.

Sec. 3: Definition of terms: For the purpose of this Act, the following terms shall be defined as stated below:

- a. **Promissory note** -- an unconditional promise in writing made by the patient and/or his/ her next of kin to the hospital or medical clinic, engaging to pay on demand, or at a fixed or determinable future time, a sum certain in money to order or to bearer.
- b. **Co-maker** -- a person, natural or juridical, who binds himself jointly and severally to pay the unpaid hospital bills or medical expenses/hospitalization expenses of the patient.
- c. **Free medical service** -- All forms of medical service/procedure provided by a physician to a patient at no cost.

Sec. 3. Tax credit: Doctors who render free medical service to qualified indigents duly certified by the Department of Social Welfare and Development (DSWD) shall be given tax credit equivalent to the amount of health service rendered. The tax credit shall be deducted from the physician's gross income covered by the taxable year the service is rendered.

Tax credit shall also be given to doctors who accept promissory note from patients who fail to pay for services rendered. The promissory note shall be secured by a guarantee of a co-maker, who will be jointly and severally liable with the patient for the unpaid obligation.

The Bureau of Internal Revenue (BIR) shall tax the doctor for the supposed money earned indicated in the promissory note. Tax credit shall be given to a doctor who accepted the promissory note for the immediate taxable year if ever a patient and/or co-maker fail to fulfill their obligation within one year after the issuance of the note.

The BIR shall determine the value of tax credit to be given to doctors depending on existing rules and regulations on taxation while the value of professional fees and medical service rendered shall be regulated by the Relative Unit Value being implemented by the Philippine College of Surgeons and other medical bodies that provide specific amount of fees for a medical procedure.

Sec. 4. Implementing Rules and Regulations – Within six (6) months from the effectivity of this Act, the Secretary of Health, Commissioner of the Bureau of Internal Revenue (BIR), the Secretary of the Department of Social Welfare and Development (DSWD) and other agencies concerned shall promulgate rules and guidelines as may be necessary for the proper implementation of this Act.

Sec. 5. Separability Clause. -- If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Sec. 7. Repealing Clause. — All laws, executive orders or issuances, or any parts thereof which are inconsistent herewith are hereby repealed or amended accordingly.

Sec. 8. Effectivity Clause. — This Act shall take effect upon its publication in at least two (2) newspapers of general circulation.