



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Fifteenth Congress
Second Regular Session

HOUSE BILL NO. 5638



Introduced by Representatives Eleandro Jesus F. Madrona and Hermilando I. Mandanas

AN ACT PROVIDING A TAX INCENTIVE FOR MEDICAL AND HOSPITAL CHARITABLE SERVICES AND FOR OTHER PURPOSES

The Constitution provides in Article XIII Section 11 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 an affordable cost. The State shall endeavor to provide free medical care to paupers.

Pursuant to the Constitution, it is precisely the objective of this bill, to provide free medical and hospital services to the underprivileged members of society, who could not avail of much needed medical treatment, because of the prohibitive cost of healthcare these days.

While Government strives to make medical and hospital services available to the poor through Government hospitals, medical, puericulture, day-care and maternal lying-in centers and through the Philhealth system, still, the assistance is limited and is not sufficient to cover the ever increasing population of indigents in the Philippines.

The assistance from the medical private sector in rendering free, such medical and hospital services, is a much needed and timely intervention to beef up, if not sustain Government's efforts to cater to the health needs of its impoverished citizenry.

In recognition of this laudable act of generosity, it is but incumbent on the part of Government to grant an incentive to the medical private sector, by allowing them to deduct from the gross income, the amount of the medical or hospital service rendered for charitable purposes by the doctor or the hospital or the equivalent of ten percent (10%) of the total gross income from medical or hospital services rendered, whichever is lower.

In view of the foregoing, approval of the bill is earnestly sought.

Representative Eleandro Jesus F. Madrona
Lone District of Romblon

Representative Hermilando I. Mandanas
Second District of Batangas



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CHARITABLE SERVICES AND FOR OTHER PURPOSES**

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

1 **SECTION 1. Short Title.** - This Act shall be known as the **"Medical and Hospital**
2 **Charitable Services Act of 2011".**

3
4 **Sec. 2. Declaration of Policy.** - It is the declared policy of the State to recognize
5 and promote the state of well being of every human person and to guarantee
6 every citizen's right to health care, particularly those who cannot afford the
7 services of private health service providers.

8
9 In addition, the State shall guarantee accessibility of health care by the
10 poor and ensure that every person who cannot afford the services of a private
11 health care provider is assisted by a competent private health care provider
12 preferably of his/her own choice, if upon determination, it appears that the poor
13 cannot afford the services of the private health care provider, and that the

1 services of a private health care provider are necessary to ensure the health of
2 the poor.

3
4 **Sec. 3. *Definition of Terms.*** - As provided for in this Act, the term medical and
5 hospital services to be rendered by doctors and hospitals refers to any activity or
6 activities which are defined under the Medical Act of 1959 and R.A. 4226 which
7 shall include, among others, diagnosis, treatment, confinement and similar
8 medical and hospital services. The word charitable shall mean medical or
9 hospital service free of charge including the dispensing of medicines or hospital
10 supplies, which shall redound to the benefit of the person in need of such
11 medical or hospital services.

12
13 **Sec. 4. *Requirements for Availment.*** - For purposes of availing of the benefits
14 and privileges as stated in this Act, the doctor and the hospital who have
15 rendered charitable medical and hospital services, shall secure a certification
16 from the Department of Health (DOH) and the Philippine Medical Association
17 (PMA) in case of doctors and the Philippine Hospital Association (PHA) or
18 Private Hospitals Association of the Philippines (PHAP) in case of hospitals
19 indicating that indeed charitable medical and hospital services have been
20 rendered for the poor.

21
22 For purpose of determining the number of hours actually provided by the
23 doctor or the hospital in rendering charitable services, the DoH and the PMA in
24 case of doctors and the PHA or PHAP in case of hospitals, shall issue the
25 necessary certification that indeed charitable services were actually undertaken.
26 The certification issued by these institutions shall be submitted to the Bureau of
27 Internal Revenue (BIR) for purposes of availing the tax deductions as provided
28 for in this Act.

29
30 At the beginning of the fiscal year, doctors or hospitals that shall engage
31 in charitable medical and hospital services, shall be required to register with the
32 BIR, and thereafter, annually renew such registration, if they intend to
33 continuously provide such charitable medical or hospital services.

34
35 **Sec. 5. *Incentives to doctors or hospitals.*** - For purposes of this Act, a doctor or a
36 hospital rendering actual charitable medical and hospital services shall be
37 entitled to deduct from the gross income, the amount of the medical service
38 rendered by the doctor or the amount of the hospital service rendered, for
39 charitable purposes, or the equivalent of ten percent (10%) of the total gross
40 income from medical or hospital services rendered by the doctor or the hospital,
41 respectively, whichever is lower.

42
43 **Sec. 6. *Information, Education and Communication (IEC) Campaign.*** - The DOH,
44 PHA and PHAP, in cooperation with the Philippine Information Agency (PIA), is
45 hereby mandated to conduct an annual IEC campaign in order to inform the

1 doctors and hospitals of the procedures and guidelines in availing tax deductions
2 and inform the general public that a charitable medical or hospital service to
3 those who cannot afford private health care service is being provided by the
4 State.

5
6 **Sec. 7. Reportorial Requirement.** - For purposes of determining the effectiveness
7 and social impact of the provisions of this Act, the DOH shall submit an annual
8 report to both Houses of Congress indicating therein the number of recipients
9 who have benefited from this Act. The report shall state in detail, among others,
10 the geographic location, demographic characteristics and socioeconomic profile
11 of the beneficiaries of this Act.

12
13 **Sec. 8. Implementing Rules and Regulations (IRR).** - Within ninety (90) days
14 from the date of effectivity of this Act, the Commissioner of Internal Revenue, in
15 consultation with the DoH, PMA, the PHA and the PHAP, shall recommend to the
16 Secretary of Finance, the necessary revenue regulations/ implementing rules and
17 regulations, for the proper implementation of the tax component as provided in
18 this Act.

19
20 **Sec. 9. Separability Clause.** - If any provision of this Act is declared
21 unconstitutional or invalid, the other provisions not affected by such declaration
22 shall remain in full force and effect.

23
24 **Sec. 10. Repealing Clause.** - Any law, decree, ordinance or administrative
25 circular not consistent with any provision of this Act is hereby amended, repealed
26 or modified accordingly.

27
28 **Sec. 11. Effectivity Clause.** - This Act shall take effect fifteen (15) days following its
29 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

30
31 **Approved,**