

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 545



Introduced by **Representative Jaime R. Fresnedi**

EXPLANATORY NOTE

This proposed legislation seeks to grant tax privileges to parents or legal guardians of children with special needs. We envision to give a financial lifeline to these caregivers through tax deductions in expenses that include tuition, therapy, diagnostic evaluations by a medical professional, tutoring, transportation expenses and specialized instructional materials.

The Philippines, like many other nations, has a significant number of children with special needs. These children are born with or develop conditions that require additional care, support, and specialized services. Special needs can encompass a wide range of conditions, including but not limited to autism, intellectual disabilities, hearing or visual impairments, speech or language disorders as well as physical disabilities. Each of these conditions place unique demands on families and it is often the parents or legal guardians who bear the brunt of these challenges.

The statistics on special needs children in the Philippines are both illuminating and concerning. According to a study by UNICEF in 2022, there are about 1.6 million Filipino children with disabilities.¹ This could only mean that millions of children and their families are currently grappling with the complexities of living with special needs. Furthermore, this demographic is often underserved and marginalized, struggling to access the appropriate education, medical care, and support systems that can make a significant difference in their lives.

The financial burden on families with special needs children is substantial. Costs associated with specialized therapies, medical treatments, assistive devices, educational support, and transportation can be overwhelming. The emotional, physical, and financial stress on parents and caregivers can be detrimental to their overall well-being. As per a study made by the Department of Social Welfare and Development (DSWD) and the United Nations, the families of children with special needs or disabilities are often 50% higher than other children's. The study states that health expenses account the highest for these particular households at 10.7% of their overall household budget.²

The aim of this legislation is to alleviate the financial strain that many families with special needs children face daily and to encourage them to continue providing the necessary

¹<https://www.unicef.org/philippines/media/5941/file/Full%20report%20%20cost%20of%20raising%20children%20with%20disabilities%20in%20the%20Philippines.pdf>

² Ibid.

care and support to these children thus promoting their overall well-being and development. The government can then make tangible differences in the lives of these families by granting these tax deductions and consequently foster a more inclusive and compassionate society for all its citizens, most especially those with special needs.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



JAIME R. FRESNEDI
Representative
Lone District, Muntinlupa City

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Introduced by **Rep. Jaime R. Fresnedi**

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

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

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, and political and other affiliation. Further, the State is committed to ensuring equal access to education and healthcare, as well as the full benefits of education for all its citizens.

SEC. 2. Definition of Terms. – For purposes of this Act, the following terms shall be defined as follows:

- (a) *Autism* is 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.
- (b) *Deafness* is 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.
- (c) *Emotional Disturbance* is 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; and
- e. A tendency to develop physical symptoms or fears associated with personal or school problems

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.

- (d) *Hearing Impaired* is an impairment in hearing, whether permanent or fluctuating, that adversely affects a child's performance.
- (e) *Intellectually Disabled* is a significantly sub-average general intellectual functioning existing concurrently with deficits in adaptive behavior and manifested during the developmental period that adversely affects a child's performance.
- (f) *Orthopedic Impairment* is a severe orthopedic impairment that adversely affects a child's educational performance. The term includes impairments caused by congenital anomaly, impairments caused by disease, and Impairments from other causes.
- (g) *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 thirteen (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.

Provided, however, that children who are permanently disabled and who are unable to fully take care of themselves are qualified no matter how old they are.

- (h) *Specific Teaming Disability* is a disorder in one or more of the basic physiological 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.
- (i) *Speech or Language Impaired* is a communication disorder such as stuttering impaired articulation, language impairment, or a voice impairment that adversely affects a child's educational performance.
- (j) *Traumatic Brain Injury* is 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.

- (k) *Visual Impairment* is an impairment in vision that, even with correction adversely affects a child's educational performance. The term includes both partial and sight blindness.

SEC. 3. *Deduction from Taxable Income.* – A qualified taxpayer is entitled to a deduction of Fifty Thousand Pesos (P50,000.00). Expenses that qualify for deduction are:

- (a) Tuition for a private school;
- (b) Therapy;
- (c) Diagnostic evaluations by a medical professional;
- (d) Tutoring;
- (e) Transportation expenses to school or a medical facility; and
- (f) 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.

SEC. 4. *Implementing Rules and Regulations.* – The Bureau of Internal Revenue (BIR) in consultation with the Department of Education's (DepEd) Special Education Division and Department of Health (DOH) shall issue rules and regulations as may be necessary to carry out the purpose of this Act, within ninety days from its enactment.

SEC. 5. *Appropriations.* – The budgetary requirement needed for the implementation of this Act shall be taken from the current year's appropriations of the BIR. Thereafter, such sums as may be necessary for its continued implementation shall be included in the annual General Appropriations Act.

SEC. 6. *Separability Clause.* – If any provision of this Act shall be deemed unconstitutional or invalid, the other provisions not affected there shall remain in force and effect.

SEC. 7. *Repealing Clause.* – All Acts, Presidential Decrees, Executive Orders and Administrative Orders, Rules and Regulations and other such issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days following its complete publication in a newspaper of general circulation.

Approved,