



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. **4615**



Introduced by **Representative KATRINA REIKO CHUA - TAI**
1st District, Zamboanga City

EXPLANATORY NOTE

Early Childhood Care and Development (ECCD) is essential for lifelong learning, inclusive growth, and national progress. Scientific research consistently affirms that the early years of life, particularly from birth to age five, are a critical period for brain development, influencing cognitive, emotional, social, and physical outcomes. Children who benefit from quality early learning environments are more likely to succeed in school, avoid delinquency, and become productive members of our society.

Despite government efforts through programs like the Daycare Service Program and the ECCD Act of 2000 (Republic Act No. 8980), accessible and quality daycare facilities remain grossly inadequate, most especially in underserved communities and among working-class families. A study by the Philippine Institute for Development Studies (PIDS) estimates that the country needs at least 96,000 daycare centers to achieve universal coverage; however, only about 63,000 are currently operational, resulting in a deficit of over 33,000 centers.

Equally concerning is the shortage of qualified child development workers. According to recent estimates, the country has only about 89,000 child development workers, whereas nearly 270,000 are needed to meet the global standard ratio of one caregiver per 10–15 children. This acute workforce gap limits the quality, scalability, and sustainability of early childhood services. Furthermore, according to UNESCO and the International Labour Organization (ILO), investments in ECCD generate up to 13% return per annum in improved health, education, and economic outcomes, significantly higher than most public sector investments.

This legislation addresses both the supply and workforce challenges in early childhood care by promoting shared responsibility between the public and private sectors. It proposes fiscal incentives for private entities that establish or support accredited daycare centers, particularly workplace-based centers, thereby expanding service delivery and generating employment in the ECCD sector. This bill acknowledges the socio-economic benefits of enabling working parents, especially mothers, to return to work confidently, knowing that their children are in safe, developmentally appropriate, and nurturing environments.

More importantly, this legislation acknowledges the pressing need to promote a work-life balance in today's economy. By supporting the availability of affordable and quality daycare services near or within workplaces, we empower Filipino families to be more productive at work while fulfilling their familial duties at home. This holistic approach is not only pro-family, it is also pro-growth. It enables workers to contribute fully and consistently to the economy without compromising their roles as caregivers, particularly during their children's most critical developmental years.

Accessible, reliable daycare is a key workforce development strategy. Expanding daycare access enables greater labor force participation, increases employee productivity and retention, and reduces absenteeism due to caregiving. It also enhances workplace morale, promotes a more equitable economy, and generates new jobs in the ECCD sector, including teaching, administrative, and health support roles, many of which offer quality employment opportunities for women. These measures ultimately strengthen the national workforce and yield long-term gains in human capital development.

Specifically, this bill aims to strengthen the reach and effectiveness of public ECCD programs such as the Daycare Service Program, promote employee welfare and work-family balance through the establishment of on-site (workplace-based) daycare centers, stimulate private sector investment in social infrastructure by offering fiscal incentives to accredited daycare providers, and generate employment and upskilling opportunities in the early childhood education sector through increased demand for qualified professionals. Ultimately, this proposed measure will enhance worker productivity by ensuring that young children receive quality care and learning during work hours, thereby giving parents peace of mind.

By addressing these urgent shortfalls in both daycare infrastructure and the ECCD workforce, this Act lays the groundwork for a more family-friendly, inclusive, and productivity-driven society. It recognizes the care and development of young children as a national economic priority, not just a social one, while empowering Filipino families to thrive both at home and in the workplace.

IN VIEW OF THE FOREGOING, immediate passage of this bill is earnestly sought.



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AN ACT

**STRENGTHENING THE NATIONAL DAYCARE AND EARLY CHILDHOOD CARE
AND DEVELOPMENT PROGRAM BY GRANTING FISCAL INCENTIVES TO
PRIVATE ENTITIES THAT ESTABLISH OR SUPPORT DAYCARE PROGRAM, AND
FOR OTHER PURPOSES**

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

SECTION 1. Title. - This Act shall be known as the “Daycare Support and Investment
Incentives Act.”

SECTION 2. Declaration of Policy. - It is hereby declared the policy of the State to
uphold and protect the right of every Filipino child to access quality Early Childhood Care and
Development (ECCD) as an essential foundation for lifelong learning, human development,
and nation-building. The State recognizes that the early years of a child’s life are a critical
window for cognitive, emotional, physical, and social development, and therefore require
intentional and sustained support.

In pursuit of this policy, the State shall endeavor to expand and strengthen the delivery of
ECCD services through both public and private initiatives. It acknowledges the complementary
and strategic role of the private sector in bridging service delivery gaps and enhancing the
quality, accessibility, and sustainability of daycare and early learning programs.

The State shall encourage and incentivize private sector participation in ECCD through the
grant of fiscal and non-fiscal incentives, including but not limited to tax benefits, import duty
exemptions, and support for workplace-based daycare centers. Such incentives are intended not
only to increase private investment in social infrastructure but also to support the dual goals of
economic productivity and family well-being.

This policy also affirms the importance of inclusive, equitable, and gender-responsive
approaches to ECCD. It recognizes that accessible daycare services reduce the burden of
unpaid care work, enabling parents, particularly women, to engage in gainful employment and
fostering a more resilient and productive workforce.

SECTION 3. *Definition of Terms.* – For purposes of this Act, the following terms are defined as:

“Daycare Center” shall refer to a facility that provides full-day or part-day group care and early education to children below six (6) years of age.

“ECCD Program” shall refer to the comprehensive programs and services that promote the physical, cognitive, emotional, and social development of children from birth to age six.

“Private Entities” Includes corporations, partnerships, cooperatives, and sole proprietors engaged in business or non-profit operations in the Philippines.

SECTION 4. *Coverage.* – This Act shall apply to all private entities that establish and maintain workplace-based daycare centers within their premises or within a 100-meter radius thereof, or provide financial or material support to community-based or LGU-managed daycare and Early Childhood Care and Development (ECCD) programs that are accredited by the Department of Social Welfare and Development (DSWD) or the ECCD Council.

SECTION 5. *Fiscal Incentives.* – To encourage private sector participation in the expansion of daycare and ECCD services, private entities covered under Section 4 shall be entitled to the following fiscal responsible and performance-based incentives:

1. Enhanced Deductibility of Qualified Expenses - Private entities may claim up to 150% deductibility of all verified direct expenses incurred in:

- Establishing or upgrading daycare or ECCD centers;
- Operating or maintaining such facilities; and
- Providing regular material, logistical, or financial support to DSWD or ECCD Council-accredited programs.

Provided that the deduction is capped at PHP 5 million per annum or 15% of taxable income, whichever is lower. Only expenses directly related to daycare/ECCD operations shall be deductible (e.g., salaries of staff, educational materials, meals for children). Provided, further, that entities must demonstrate at least one full fiscal year of compliant operation before qualifying for maximum deductions. Lastly, deductions must be certified by the DSWD or ECCD Council and supported by audited financial reports.

2. Tiered Tax Credits for Donations - Private entities making donations in cash or kind to accredited daycare centers may claim tax credits based on a performance-based tier system:

Annual donation ≥ PHP 500K	30% of donation
Annual donation ≥ PHP 1M	40% of donation
Donation + active partnership (e.g., employee volunteerism, capacity building, etc.)	Up to 50%, subject to DOF-DSWD joint approval

Provided that donations must be used exclusively for ECCD-related expenditures (e.g., infrastructure, learning tools, meals, health kits). Entities must submit a donor’s report detailing how donations were used, certified by the beneficiary center and DSWD.

1 3. Real Property Tax (RPT) Discount - A 50% RPT exemption shall be granted for any
2 private facility used exclusively for ECCD purposes for at least 10 months in a
3 calendar year. Provided that LGUs may increase the exemption to 100% via local
4 ordinance. Mixed-use facilities may be eligible for a partial exemption proportional
5 to ECCD usage.

6 4. Exemption from Import Duties and VAT - Private entities may apply for exemptions
7 on import duties and VAT for the procurement of educational equipment, toys,
8 learning materials, and health/safety tools intended for use in accredited daycare
9 centers. Provided that the equipment and materials are subject to prior certification
10 by the DSWD and final approval by the Department of Finance (DOF). The volume
11 and frequency of imported items may be capped per year to prevent abuse.
12 Provided, lastly, that entities must submit a utilization and impact report within 6
13 months of usage.

14 5. Recognition and Non-Fiscal Incentives - Qualified private entities that support
15 ECCD centers for at least three consecutive years may receive a "Child-Friendly
16 Workplace" certification from the DSWD and ECCD Council. They will also have
17 priority access to DSWD-DOLE public-private partnership grants for family welfare
18 and be included in the national "Hall of Child Development Champions" registry,
19 enhancing their corporate social responsibility credentials.

20 In order to ensure fiscal sustainability and prevent misuse, the Bureau of Internal
21 Revenue (BIR), in consultation with the DSWD and DOF, shall set annual ceilings on total
22 claims allowed per sector and regularly assess revenue impact. Entities that abuse incentives or
23 fail compliance audits shall be subject to a suspension of tax privileges for up to 3 years, and
24 the full repayment of disallowed deductions/credits, along with interest.

25 **SECTION 6. Accreditation and Reporting Requirements.** – To avail of the incentives,
26 private entities must:

- 27 • Register with the DSWD or the ECCD Council.
28 • Comply with all applicable national standards on child development, health, safety, and
29 required staff-child ratios as set by relevant agencies.
30 • Submit quarterly compliance reports that contain the entities' operational summaries,
31 attendance and demographic profiles of beneficiaries, financial statements and
32 expenditure reports, and program activity highlights to ensure the efficacy and
33 efficiency of the program.

34 **SECTION 7. Safeguards and Compliance Monitoring.** – To ensure the proper
35 implementation and prevent abuse of incentives, the Bureau of Internal Revenue (BIR), in
36 coordination with DSWD and DOF, shall set annual ceilings for total claims and conduct
37 regular audits. Entities found misrepresenting claims or failing compliance may face:

- 38 (1) Suspension of tax privileges for up to three (3) years;
39 (2) Full repayment of disallowed deductions, with interests; and
40 (3) Disqualification from future ECD incentives programs.

1 **SECTION 8. *Implementing Agencies.*** – The following agencies shall be responsible
2 for implementing this Act:

3 The DSWD and ECCD Council, under the Department of the Interior and Local
4 Government (DILG), shall primarily be responsible for accreditation, monitoring, and support
5 for ECCD development.

6 The Bureau of Internal Revenue (BIR) shall be responsible for issuing tax regulations
7 and ensuring compliance with incentive provisions.

8 Department of Finance (DOF) shall be responsible for evaluating and granting tax
9 exemptions on imported daycare-related goods.

10 Local Government Units (LGUs) shall be responsible for implementing RPT
11 exemptions and coordinating with community-based centers.

12 **SECTION 9. *Implementing Rules and Regulations (IRR).*** – Within ninety (90) days
13 from the effectivity of this Act, the DSWD, BIR, DOF, ECCD Council of the DILG, and other
14 relevant agencies shall jointly issue the necessary IRR. In addition, an annual review of the
15 implementation shall be conducted by the Senate and House Committees on Social Services
16 and Education. A report shall be submitted to Congress, containing the data on uptake of
17 incentives, compliance statistics, and policy recommendations for future improvements.

18 **SECTION 10. *Separability Clause.*** – If any of the sections or provisions of this Act is
19 held invalid, all other provisions not affected thereby shall remain valid.

20 **SECTION 11. *Repealing Clause.*** – All laws, decrees, issuances, rules and regulations
21 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

22 **SECTION 12. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
23 complete publication in at least two (2) newspapers of general circulation.

24 *Approved,*