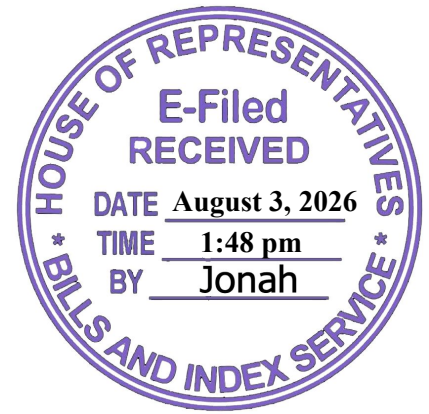


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
20TH CONGRESS
Second Regular Session

House Bill No. 10498



Introduced by: **REP. JOEL R. CHUA**

EXPLANATORY NOTE

Private establishments have long been partners of the government in implementing the mandatory discounts granted to persons with disabilities. While these benefits are essential and must continue to be protected, the financial burden of providing them has largely been borne by businesses.

Under the current law, establishments may only claim the mandatory discounts as tax deductions, allowing them to recover only a portion of the amount they are required by law to provide. Today, many businesses—especially micro, small, and medium enterprises (MSMEs)—continue to faithfully honor these discounts despite the growing financial burden of doing so. As partners of the government in advancing social welfare, they should not be expected to finance public welfare programs from their own limited resources.

This bill seeks to replace the existing tax deduction with a tax credit equivalent to one hundred percent (100%) of the mandatory discounts granted to qualified persons with disabilities. In doing so, it ensures that private establishments are fully reimbursed for complying with the law, while preserving all the benefits and privileges currently enjoyed by persons with disabilities.

This measure does not seek to diminish or remove the benefits. On the contrary, it seeks to preserve these benefits while restoring the original principle that government-funded social welfare programs should ultimately be financed by the government itself.

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

JOEL R. CHUA
Representative, 3rd District, Manila

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House Bill No. 10498

Introduced by: **REP. JOEL R. CHUA**

AN ACT GRANTING A TAX CREDIT FOR MANDATORY PWD DISCOUNTS, THEREBY AMENDING SECTION 32 OF REPUBLIC ACT NO. 7277, OTHERWISE KNOWN AS THE MAGNA CARTA FOR DISABLED PERSONS, AS AMENDED, AND FOR OTHER PURPOSES

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

Section 1. Declaration of Policy. – It is the policy of the State to protect and promote the rights and welfare of persons with disabilities and to ensure their full enjoyment of the benefits and privileges granted by law.

The State likewise recognizes that private enterprises are essential partners in nation-building, economic development, and employment generation. Accordingly, while private establishments shall continue to implement the mandatory discounts provided under existing laws, the State shall ensure that the cost of such government-mandated social welfare measures is equitably borne through an appropriate tax credit mechanism.

Section 2. Amendment. The last paragraph of Section 32 of Republic Act No. 7277, otherwise known as the "Magna Carta for Persons with Disability," as amended, is hereby amended to read as follows:

"The establishments may claim the discounts granted under subsection (a), paragraphs (1), (2), (3), (5), (6), (7), and (8) **as a tax credit equivalent to one hundred percent (100%) of the total mandatory discounts** actually granted to qualified persons with disabilities: Provided, That such tax credit shall be creditable against any national internal revenue tax liability of the establishment and may be carried over to succeeding taxable years until fully utilized, but shall not be refundable or transferable: Provided, further, That the amount of the tax credit claimed shall be supported by proper documentation and shall be subject to the provisions of the National Internal Revenue Code (NIRC), as amended, and the pertinent rules and regulations issued by the Bureau of Internal Revenue."

Section 3. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Department of Finance (DOF), the Bureau of Internal Revenue (BIR), the National Council on Disability Affairs (NCDA), the Department of Trade and

Industry and other concerned agencies shall promulgate the necessary rules and regulations for the effective implementation of this Act.

In the formulation of the Implementing Rules and Regulations, the DOF and BIR shall consult with at least two (2) representatives from duly recognized national business organizations representing micro, small, and medium enterprises (MSMEs) and the broader business community.

The implementing rules shall provide for a simplified and digitalized procedure for claiming tax credits, particularly for micro, small, and medium enterprises.

Section 4. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

Section 5. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

Section 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.