

Republic of the Philippines
House of Representatives
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 569



**Introduced by Hon. Sabiniano S. Canama
and Hon. Anthony M. Bravo
COOP-NATCCO PARTYLIST**

EXPLANATORY NOTE

Our 1987 Philippine Constitution is believed to be among the first of its kind in the world to recognize non- government organizations (NGOs) and people's organizations (POs) as partners in development. It goes on in stipulating and defining their roles in society. The Philippine Development Plan (2011-2016) also highlights the role of these volunteers in pursuing the vision of inclusive growth and President Benigno Aquino's vision of as Social Contract with the Filipino people.

The phenomenal contribution Civil Society Organizations (CSOs) includes its representation of the citizenry. It is the negotiating force between bureaucratic power and those who have none (poor), or between those who have the power to make decisions within the formal structure of policymaking and those who lie outside of it (Habermas). They expanded to include community empowerment- empowering through self-organization and raise public awareness on significant issues such as rape, sexual harassment and rights of women and children. They also engaged in agricultural development by helping farmers and fisherfolk obtain access to agricultural services or by participating in the crafting of policies in the countryside. They also serve as the watchdog over government agencies that implement various public services and promote public good.

One of the predestined challenges of CSOs are the funding issues. Thus, the crafting of this bill. Prominent to this bill features a discretion of individual tax payers to allocate 5% of their income tax to their preferred charitable institutions or other civil society organization that are that are eligible under the provisions of this bill. To clear the doubt of bogus CSOs and to make them accountable to the public, the approval of this bill is earnestly sought.


HON. SABINIANO S. CANAMA


HON. ANTHONY M. BRAVO

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HOUSE BILL NO. _____ **569**

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AN ACT
PROVIDING FOR PEOPLE'S DIRECT PARTICIPATION IN FUNDING
CHARITABLE INSTITUTIONS AND OTHER DEVELOPMENT- ORIENTED CIVIL
SOCIETY ORGANIZATIONS THROUGH A PERCENTAGE OF THEIR PERSONAL
INCOME TAX

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 “**People’s Fund Act**”

2

3 **Sec. 2. Declaration of Policies.** – It is the policy of the State to guarantee the right of the people
4 and their organizations to effective and reasonable participation at all levels of social, political,
5 and economic decision-making. It is moreover the policy of the State to promote a just and
6 dynamic social order through the strengthening of a broad range of organizations, programs and
7 initiatives that facilitate social welfare, people’s participation and national development. In
8 furtherance of these policies, the State shall provide a mechanism that empowers its citizens to
9 directly contribute public funds towards priority development programs and the strengthening of
10 a vibrant civil society sector in the Philippines.

11 **Sec. 3. Definition of terms.** –

12 a. *Individual Tax Payer* refers to any individual citizen subject to tax on income as
13 provided by Republic Act No. 8424 or the “*Tax Reform Act*”;

14 b. *Charitable or Civil Society Organizations* refers to charitable institutions and other
15 non-profit and non-government organizations, including foundations, civic
16 organizations, people’s organizations, community organizations, sectoral
17 organizations, cooperatives, micro-finance institutions and social enterprises, duly
18 registered with the Securities and Exchange Commission (SEC), the Cooperative

1 Development Authority (CDA), Department of Labor and Employment, Housing
2 and Land Use Regulatory Board (HLURB) or formal accrediting bodies approved
3 for the purposes of this law;

4 **Sec. 4. Allocation of Funds from Income Tax–**

- 5 a. Individual tax payers shall have the option to allocate five percent (5%) of their annual income
6 tax to support a charitable or civil society organizations (CSOs) that the tax payer shall select
7 from a list of eligible organizations. An inter-agency committee to be led by the Department
8 of Budget and Management (DBM) shall provide this list.
- 9 b. The Bureau of Internal Revenue (BIR) shall establish the mechanism for an individual tax payer
10 to allocate five percent (5%) of income tax yearly to the selected charitable institution or CSO
11 as part of the process of filing annual income tax returns.
- 12 c. Should an individual tax payer decide not to allocate for any of the listed eligible organizations,
13 the whole amount of the individual's income tax will go to the government's general fund.
- 14 d. Any eligible organization can receive a maximum of only Fifty Million pesos (P50,000,000.00)
15 per year of public funds allocated under this Act. Funds allocated by tax payers to any
16 organization in excess of this amount shall go to the Government's general fund.
- 17 e. It is prohibited for any individual tax payer to allocate funds to any eligible organization if he is a
18 founder or incorporator, officer, member or employee of that organization or if he or she is
19 related to any of its founders, officers, members or employees up to the fourth degree of
20 consanguinity or affinity.
- 21 f. Funds received by the benefitting organizations as provided by this Act shall be exempt from
22 Donor's tax or any other taxes.

23 **Sec. 5. Eligibility Requirements and Conditions.** – An inter-agency committee to be led by
24 DBM shall be established to determine the qualifications and requirements for a charitable
25 institution or CSO to be eligible for the five percent (5%) allocation, and to finalize the list of
26 eligible organizations to be submitted to BIR each year. The inter-agency committee shall also
27 set the conditions, guidelines, processes and reporting requirements for the receipt and use of
28 funds in accordance with the government's development priorities and to ensure full
29 transparency and accountability. The said committee shall be composed of the DBM as lead
30 agency, BIR, DOF, DSWD, CDA, and NAPC.

31
32 **Sec. 6. Implementing Rules and Regulations.** – The Department of Budget and Management
33 (DBM) and the Bureau of Internal Revenue (BIR) shall, in coordination with the other members
34 of the committee mentioned in Sec. 5 of this Act, promulgate not later than sixty (60) days upon
35 the effectivity of this Act the necessary rules and regulations for its effective implementation;

1 these shall include the eligibility requirements, conditions, guidelines, processes and reporting
2 requirements provided for in Section 5 hereof.

3

4 **Sec. 7. Penalties** - Any person who shall willfully attempt in any manner to evade or defeat the
5 people's direct participation, in violation of the provisions of this Act, shall upon conviction
6 thereof, be punished by a fine of not less than P30, 000 but not more than P100,000 and suffer
7 imprisonment of not less than two (2) years but not more than four (4) years or both, at the
8 discretion of the court.

9

10 Direct or indirect violation of the provisions of this Act committed by any public official or
11 employee shall, upon conviction, suffer a penalty of not less than five (5) years of imprisonment
12 and of not less than P50,000 or both, at the discretion of the court.

13 **Sec. 8. Separability Clause** – If any provision of this Act is subsequently declared invalid or
14 unconstitutional, other provisions hereof which are not affected thereby shall remain in full force
15 and effect.

16 **Sec. 9. Repealing Clause.** – All laws, acts, presidential decrees, executive orders, issuances,
17 presidential proclamations, rules and regulations or parts thereof which are contrary to or
18 inconsistent with any provision of this Act are hereby repealed, amended or modified
19 accordingly.

20 **Sec. 10. Effectivity** – This Act shall take effect fifteen (15) days after its complete publication
21 either in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,