Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5345

Introduced by HON. JOSEPH "JOJO" L. LARA

EXPLANATORY NOTE

Our country is prone to various weather systems that causes massive floods and
drought depending on the time of year and other natural calamities such as
earthquakes, volcanic eruptions and landslides which causes death and destruction or
damage to properties of the victims.

To alleviate the sufferings of the victims and their families in the aftermath of
calamities, there is a need to grant them a reasonable relief from their tax liabilities
on their real properties affected by the calamity within a specified period of time to
accelerate their pace of economic recovery.

Current tax laws only provide relief for losses as a result of calamities only to
individuals or corporations engaged in trade or business or practice of profession.
Losses of property used in trade or business, resulting from fires, storms or other
casualties, that are actually sustained during the taxable year and not compensated
for by insurance or other forms of indemnity can be claimed as deductions for income
tax purposes. The amount of the deductible casualty loss is limited to the difference
between the value of the property immediately preceding the casualty and its value
thereafter.

This bill seeks to grant additional tax relief to victims of calamities in the form of real
property tax moratorium in the affected areas for two (2) fiscal years from the date
of declaration of a state of calamity by the proper local sanggunian. Real properties
covered by the moratorium are residential lands and buildings, commercial and
industrial buildings, agricultural lands together with the plants and growing fruit trees
thereon, and permanently installed machineries intended by the owners of the
buildings or structures for an industry or business which may be carried on therein.

In the case of donations, foreign assistance pouring in for victims of calamities are
exempt from taxes and import duties if channeled through certain government
agencies and state-accredited groups under Section 18 of Republic Act No. 10121 or
the Philippine Disaster Risk Reduction and Management Act of 2010, in conjunction
with Section 105 of the Tariff and Customs Code of the Philippines as amended. The
Value-Added Tax (VAT) on the foreign aid would instead be shouldered by the
Philippine government through budget reports and the tax expenditure fund from the General Appropriations Act. Meanwhile, local donations are also exempt from donor tax and deductible as an expense if properly accredited by the DSWD.

This bill seeks to liberalize the requirements for the grant of donations, whether foreign or local, by simply requiring the declaration of a state of calamity by the proper sanggunian of the areas affected by calamities for the donations to be exempt from all types of taxes. To ensure proper monitoring by the government, it will only be required that said donations be properly certified by the DSWD. Tax exemptions on donations and assistance given to victims of calamities will further encourage donors and ensure a steady flow of donations to the victims.

While the government depends upon taxation to serve the people for whose benefit taxes are collected, the government must also be sensitive to the needs of victims of natural calamities and assist in the alleviation of their serious economic dislocations.

In view of the foregoing, the immediate consideration and passage of this bill is earnestly requested.

JOSEPH "JOJO" L. LARA
Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City  

EIGHTEENTH CONGRESS  
First Regular Session  

HOUSE BILL NO. 5345

Introduced by HON. JOSEPH "JOJO" L. LARA

AN ACT
PROVIDING FOR TAX RELIEF DURING TIMES OF CALAMITY 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 also be known as the "Calamity Tax Relief Act of 2019".

SECTION 2. Declaration of Policy. – It shall be the policy of the State to assist taxpayers in areas affected by natural calamities, through tax relief, to reasonably recover from the financial burden caused upon them by such natural disasters. In such cases of severe suffering of the people, there is a need to balance the government’s primordial need for funds and the people’s right to life, liberty, and property. Likewise, it shall also be the policy of the State to provide tax exemption to donations and assistance given to victims of calamities in order to encourage donors and for the maximum utilization of the donations extended.

SECTION 3. Calamity Defined. – For purposes of this Act, 'calamity' shall mean a state of extreme distress or misfortune, produced by some adverse circumstance or event caused by natural forces such as, but not limited to, typhoons, earthquakes, volcanic eruptions, landslides or similar natural disasters.

SECTION 4. Effects of Declaration of Calamity. – A declaration of a state of calamity by the proper local sanggunian shall make effective the following tax reliefs:

a. The real property tax in the affected areas shall not be assessed and collected for two (2) fiscal years, starting from the date of declaration of a state of calamity: Provided, That real property shall refer only to residential lands and buildings, commercial and industrial buildings, agricultural lands together with the plants and growing fruit trees thereon, and permanently installed machineries intended by the owners of the buildings or structures for an industry or business which may be carried on therein;
b. Any donation in the name of any organization that declares that the funds
donated shall be in favor of the victims of the calamity shall be exempt from
donor's tax: Provided, That the donation is certified by the Department of
Social Welfare and Development (DSWD): Provided, further, That no more
than ten percent (10%) of the said donation shall be used by the donee
organization for administration purposes.

SECTION 5. Implementing Rules and Regulations. – The Commissioner
of the Bureau of Internal Revenue (BIR) shall, within thirty (30) days from the
effectivity of this Act, promulgate the rules and regulations necessary for the effective
implementation of this Act.

SECTION 6. Separability Clause. – If, for any reason, any provision of this
Act is declared unconstitutional or invalid, the other sections or provisions hereof which
are not affected thereby shall continue to be in full force and effect.

SECTION 7. Repealing Clause. – All laws, decrees, orders, rules and
regulations or parts thereof, inconsistent with the provisions of this Act are hereby
repealed, amended or modified accordingly.

SECTION 8. Effectivity Clause. – This Act shall take effect after fifteen (15)
days following its complete publication in the Official Gazette or in at least two (2)
newspapers of general circulation.

Approved,