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COMMITTEE MEETING ON HOUSE MEASURES

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	Substitute Bill to HBs 9573, 9577, 9596 & 9672, and HRs 1858 & 1877	Rep. Benitez, Deputy Speaker Rodriguez, Reps. Salceda, Villafuerte, Tambunting, and Go (M.)	Clarifying the income taxation of proprietary educational institutions, amending for the purpose Section 27 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2nd District, Albay), approved the Substitute Bill to the six measures. The Committee Report was likewise approved.</p> <p>At the outset, Rep. Salceda briefly outlined the actions that the Committee has undertaken in relation to the tax regime for proprietary educational institutions. He recounted that on April 9, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 5-2021, which effectively imposes a 25% income tax on proprietary or private educational institutions – which is higher than the 10% tax previously collected from private schools, whether categorized as non-profit or for-profit institution. Likewise, the revenue regulation specifies that proprietary educational institutions should be non-profit institutions to be able to avail themselves of the tax relief under Republic Act 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.</p> <p>The CREATE Act provides that proprietary educational institutions are granted tax relief for a period of three years, with the income tax rate lowered from 10% to 1% from July 1, 2020 to June 30, 2023.</p> <p>In view of the complaints from private schools which will be adversely affected by RR 5-2021, Rep. Salceda said that the Committee discussed the matter with the BIR and the Department of Finance (DOF). Out of this, the DOF agreed to remove from this revenue regulation the qualifier “non-profit” from the definition of “proprietary educational institutions” to allow all private schools to enjoy the preferential tax rate under the CREATE law.</p> <p>Thus, the BIR issued RR No. 14-2021, dated July 26, suspending the implementation of certain provisions of RR No. 5-2021, particularly concerning the taxation of proprietary educational institutions, pending the passage of the proposed law.</p> <p>The Committee Chair mentioned that the substitute bill amends Section 27(B) of the NIRC, as amended, which clarifies that all proprietary educational institutions can avail of the 1% preferential tax rate from July 1, 2020 to June 30, 2023, and specifies the retroactive period of availment of the income tax rate of 10% from January 1, 2012 to June 30, 2020 on condition that no tax credit or refund will be granted.</p> <p>Deputy Speaker Rufus Rodriguez (2nd District, Cagayan de Oro City), author of House Bill 9577, said that although the BIR has already suspended the implementation of RR 5-2021, it is still necessary to enact a law that will provide clarity on the implementation of the tax regime for proprietary educational institutions.</p> <p>Likewise, Baguio City Rep. Mark Go, author of HR 1877, welcomed the decision of the BIR to suspend the implementation of RR No. 5-2021 as it aggravates the impact of the pandemic on proprietary educational institutions.</p>

Continuation... Ways and Means				Rep. Arlene Brosas (Party-List, GABRIELA) also said that increasing the income tax of private schools from 10% to 25% amidst the pandemic would all the more put students, teachers, and school personnel at the disadvantage, because schools will have to resort to hefty tuition fee increases and personnel layoffs. She likewise maintained that with the private schools' enjoyment of the 1% tax rate until 2023, there should also be a moratorium on tuition fee increases within this period.
	Substitute Bill to HB 3031	Speaker Velasco	Ordaining the development of the Philippine downstream natural gas industry, consolidating for the purpose all laws relating to the transmission, distribution, and supply of natural gas	<p>The Committee approved the tax provisions of the Substitute Bill to HB 3031 subject to amendment.</p> <p>Rep. Sergio Dagooc (Party-List, APEC), sponsored the substitute bill on behalf of the Committee on Energy, to which the bill was primarily referred. He said the law provides the framework for the development of the Philippine downstream natural gas industry and its transition from an emerging to a mature and competitive natural gas market.</p> <p>The Committee amended Section 36 (c) of the bill, which will now read as: "The sale of natural gas to locators inside the economic zone shall be subject to zero percent value-added tax, pursuant to the NIRC, as amended." The other tax provisions were approved by the Committee without amendment.</p> <p>Rep. Sharon Garin (Party-List, AAMBIS-OWA) emphasized the importance of providing incentives to investors in the energy sector to entice them to put up power plants that will generate additional power capacity. She added that by 2040, the country's power demand is estimated to reach 40,000 megawatts (MW). At present, the demand is around 12,000 (MW).</p>
	HB 9891	Rep. Salceda	Exempting monetary donations and rewards in favor of national athletes and coaches from taxes, amending for the purpose Section 4 of Republic Act 10699	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2nd District, Albay), held preliminary discussions on House Bill 9891, which grants tax exemption on monetary donations and rewards given to national athletes and coaches covered by RA 10699 or the National Athletes and Coaches Benefits and Incentives Act.</p> <p>Rep. Salceda, author of HB 9891, said that his bill provides a broad classification of emoluments to athletes who compete or win in international sports competitions. In this way, tax exemption will not be limited to the awards received by the athletes but also to gifts that may be given to them. Rep. Salceda also said that the proposed law, when enacted, can already be executed by the Bureau on Internal Revenue even without the issuance of a revenue regulation.</p> <p>Senior Vice Chair Rep. Estrellita Suansing (1st District, Nueva Ecija), along with other Committee Members, manifested support for the proposed measure as it would encourage more pledges and donations from different individuals and companies for hardworking athletes.</p> <p>Rep. Salceda said that the Committee will further discuss HB 9891 and two similar House bills once they are referred to the Committee.</p>

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