

THIRTEENTH CONGRESS OF THE }  
REPUBLIC OF THE PHILIPPINES }  
First Regular Session

'04 JUN 30 P6:56

SENATE

S. No. 542

RECEIVED BY: Quila

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INTRODUCED BY HON. MANUEL B. VILLAR, JR.

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**EXPLANATORY NOTE**


Our country's ability to sustain economic and human development depends on the importance we give to scientific and technological research and development activities.

Thus, it is sad to note that while Newly Industrialized Countries (NIC's) in the region are allocating 3-5% of their Gross National Product for scientific and technological R&D, the Philippines on the average, allocates a measly 0.3% of its GNP to such activities.

The EDCOM report on tertiary education in the Philippines has observed a dearth in research activity in the country's schools and universities. The report ascribes this to the absence of a national research agenda for research, as well as to the scarcity of resources for such activities.

This bill therefore seeks to oblige multinational and domestic manufacturing corporations to allocate 1% of their net annual corporate income for scientific and technological R&D activities. By so proposing, it hopes to fulfill the constitutional provision, which mandates government to give priority to research and development for the country to sustain economic growth.

In view of its benefits to the country's growth, the favorable and immediate passage of this bill is sought.

  
MANUEL B. VILLAR, JR.  
Senator

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**AN ACT  
MANDATING MULTINATIONAL AND DOMESTIC MANUFACTURING  
CORPORATIONS TO ALLOCATE ONE PERCENT (1%) OF THEIR ANNUAL  
CORPORATE, INCOME FOR SCIENTIFIC AND TECHNOLOGICAL  
RESEARCH AND DEVELOPMENT**

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

SECTION 1. This Act shall be known as the "Scientific and Technological Research and Development Act of 2004."

SECTION 2. It is hereby declared the policy of the State to give priority and provide full support to research and development, invention, innovation and their utilization for human development.

SECTION 3. In pursuit of this policy, all multinational and domestic manufacturing corporations are hereby mandated to allocate one percent (1%) of their net annual income for scientific and technological research and development.

SECTION 4. For income tax purposes, such amount allocated by the multinational and domestic manufacturing corporations for scientific and technological research and development shall be deducted from their gross taxable income.

SECTION 5. For purposes of this Act, the Secretary of the Department of Science and Technology (DOST) is hereby required to submit a list to Congress identifying priority areas for research and development.

SECTION 6. All laws, presidential decrees, orders, issuances or provisions thereof, inconsistent or contrary to this Act are repealed or modified accordingly.

SECTION 7. This act shall take effect upon approval.

Approved,