

SEVENTEENTH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

'16 JUL 18 P6:03

SENATE

S.B. No. 389

RECEIVED BY: 

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Introduced by SENATOR LOREN LEGARDA

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**AN ACT GRANTING FISCAL INCENTIVES TO MEDIA ENTITIES DEVOTING AIRTIME AND SPACE TO EDUCATIONAL PROGRAMS FOR CHILDREN, AND TO ADVERTISERS OR SPONSORS SUPPORTING SUCH PROGRAMS, AND FOR OTHER PURPOSES**

Explanatory Note

Republic Act No. 8370, otherwise known as the "*Children's Television Act of 1997*" was enacted to promote and encourage the production and broadcasting of developmentally-appropriate television programs for children through the administration of a national endowment fund for children's television.

Despite this law, there are still less child-friendly programs on television with no law passed to encourage the production of films that especially cater to children in our country. This must be brought about by the heavy taxes imposed on mass media.

It is therefore imperative that the State intervenes in the form of relevant legislation to encourage media entities to invest in our children's future through the production of educational programs that would make quality education accessible thru mass media.

This bill aims to accomplish that by exempting equipment, tools for production, and transportation and communication facilities to be used actually, directly and exclusively for educational purposes by media, paying duty and internal revenue tax.

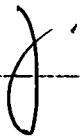
Under this proposed measure, the net income derived from educational programs and publications shall be tax-exempt for five years from the start of its initial operation or until the producer and publisher shall have attained reasonable return of investment.

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

  
**LOREN LEGARDA**  
Senator

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

1 **SECTION 1. Declaration of Policy.** – It is hereby declared the policy of the  
2 State to recognize the vital roles of communication and information in  
3 nation building and shall take appropriate steps to make education  
4 accessible to all. Pursuant to this policy, the State shall promote, support,  
5 and provide incentives to mass media, as well as to sponsors or advertisers,  
6 who devote air time and space for educational purposes.  
7

8 **Sec. 2. Coverage.** – This Act shall apply to all kinds of mass media  
9 operating within the Philippines.  
10

11 **Sec. 3. Definition of Terms.** – For purposes of this Act, the following terms  
12 shall mean as follows:  
13

- 14 a. Mass media – refers to means of communication which includes both  
15 broadcast and film and print media that reach very large numbers of  
16 people;
- 17 b. Broadcast media – refers to radio, television, cable broadcast, and the  
18 like;
- 19 c. Print media – refers to newspapers, magazines, reviews, bulletins, and  
20 other publications appearing at regular interval, with fixed prices for  
21 subscriptions appearing at regular interval, with fixed prices for  
22 subscription and sale and published within the Philippines;
- 23 d. Commercials and advertisements – shall mean announcements,  
24 descriptions, presentations, advertising or promoting of something, as  
25 in goods for sale, in newspaper, magazine, television, radio, and the  
26 like;
- 27 e. Advertiser or sponsor – shall mean the owner or the principal of the  
28 thing or product to be advertised or sponsored;
- 29 f. Educational purposes – includes, but is not limited to, educational  
30 programs, publications, commercials, and advertisements which:  
31

- 32 1. Give positive influence on entertainment;

- 1           2. Promote social values;
- 2           3. Mobilize community support and wage information campaigns
- 3           directed at parents to promote the importance of basic
- 4           education;
- 5           4. Improve the image of technical education and skills training,
- 6           and to inculcate the necessary values needed for productive
- 7           employment;
- 8           5. Propagate culture, foster patriotism, nationalism, and other
- 9           values that serve as instruments in the struggle for Filipino
- 10          sovereignty, identity, national unity, and integration; and
- 11          6. Such other similar descriptions as the Secretary of Education
- 12          may provide pursuant to the implementation of this Act.

13  
14   **Sec. 4. Tax Exempt Importation.** – The provisions of existing laws to the  
15 contrary, notwithstanding the machineries, equipment, tools for production,  
16 spare parts, supplies, materials, and transportation and communication  
17 facilities to be used actually, directly, and exclusively for educational  
18 purposes by media producers and publishers, are not subject to duty and  
19 internal revenue tax: *Provided*, That where the National Economic and  
20 Development Authority certifies to the availability of the abovementioned  
21 items in the local market of sufficient quantity, comparable quality, and  
22 price, or such tax-exempt items brought or imported into the Philippines are  
23 subsequently sold, transferred or exchanged in the Philippines to be devoted  
24 to non-educational purposes, the purchasers or recipients shall be  
25 considered the importer thereof, and shall be liable for the duty and internal  
26 revenue tax due on such importation subject to depreciation allowance. The  
27 tax due on such items shall constitute a lien on the article itself, superior to  
28 all other charges or liens, irrespective of the possessor thereof.

29  
30   **Sec. 5. Donations for Educational Purpose.** – For purposes of this Act,  
31 any amount paid and contributed for educational programs and  
32 publications by any individual or corporation which shall not exceed ten  
33 percent (10%) of their respective annual income computed without the  
34 benefit of any tax incentives under existing law shall be tax deductible.

35  
36 Properties donated other than cash shall be valued in accordance with the  
37 rules and regulations prescribed by the Secretary of Finance in consultation  
38 with appropriate government agencies.

39  
40   **Sec. 6. Program and Publication.** – The net income derived from  
41 educational programs and publications shall be tax-exempt for five (5) years  
42 from the start of its initial operation or until the producer and publisher  
43 shall have attained reasonable return of their investment. Thereafter, no  
44 part of the net income that inures to the benefit of the producer or publisher  
45 in an amount not in excess of twenty-five percent (25%) of the taxable  
46 income derived from the program or publication shall be allowed. The excess  
47 amount of the net income shall be devoted for the enhancement of the  
48 educational programs and publication, and for other educational purposes.

49  
50   **Sec. 7. Commercials and Advertisements.** – All expenses incurred in the  
51 production of commercials and advertisements for educational purposes  
52 under Section 3 of this Act, and approved by the Secretary of Education,  
53 shall enjoy tax deduction of not more than ten percent (10%) of the gross  
54 operating expenses of the advertisers or sponsors: *Provided*, That these  
55 commercials and advertisements are actually delivered to the general public.

1 **Sec. 8. Airtime Rates and Cost of Space.** – Broadcast media and print  
2 media shall receive ten percent (10%) lower airtime rates and cost of space  
3 for every paid feature of production or publication with educational content,  
4 as approved and certified by the Secretary of Education, or any equivalent  
5 government agency. The difference from the regular rate shall be chargeable  
6 to the value-added tax accruable.

7 **Sec. 9. Government Cooperation.** – Every department, bureau, office  
8 agency or instrumentality of the government, including government-owned  
9 or controlled corporations, are enjoined to cooperate with the private sector  
10 in order to achieve the objectives of this Act.

11 **Sec. 10. Separability Clause.** – If any part or provision of this Act is held  
12 invalid, other parts or provisions hereof not affected thereby shall remain in  
13 full force and effect.

14 **Sec. 11. Repealing Clause.** – All laws, decrees, orders, rules and  
15 regulations, or portions thereof inconsistent with this Act are hereby  
16 repealed, amended, or modified accordingly.

17 **Sec. 12. Effectivity Clause.** – This Act shall take effect fifteen (15) days  
18 after its publication in at least two (2) newspapers of general circulation.

19

20 Approved,