

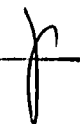
SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



SENATE  
Office of the Secretary

'16 JUL 20 P 4 :30

SENATE  
S.B. No. 699

RECEIVED BY: 

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

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

**EXPLANATORY NOTE**

At a time when public funding is under intense scrutiny, when the Filipino people are crying out for full transparency and accountability, and when government is being called on to implement massive reforms, how can we ensure that it is the PEOPLE of the Philippines who ultimately have a say on where public funds are being spent?

The People's Fund seeks to revolutionize public budgeting and funding by giving the taxpayers of the Philippines the choice on where a portion of their hard-earned money should go.

It allows an individual taxpayer to allocate five percent (5%) of his or her income tax to be allocated for any of the following:

1. An accredited charity or civil society organization;
2. A priority national or local government project;
3. A legitimate political party.


Under this bill, the Bureau of Internal Revenue (BIR) shall establish the mechanism that would enable individual taxpayers to select beneficiaries upon filing of their annual income tax returns.

Meanwhile, an inter-agency committee led by the Department of Budget and Management (DBM) shall determine the eligibility of respective organizations,

and shall likewise set the conditions, guidelines, and reporting requirements for the receipt and use of the funds by the benefitting organizations.

This gives the Filipino public greater control over how their monies are spent, ultimately empowering Filipinos to support institutions and initiatives that they deem worthy.

In view of the foregoing, the approval of the bill is earnestly sought.

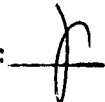
  
Senator Paolo Benigno "Bam" A. Aquino IV

SEVENTEENTH CONGRESS OF THE REPUBLIC )  
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'16 JUL 20 P 4:31

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AN ACT  
PROVIDING FOR PEOPLE'S DIRECT PARTICIPATION IN FUNDING CHARITABLE  
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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 the "People's Fund Act."

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

12           **SEC. 3. Definition of Terms.** – As used in this Act, the following terms shall  
13 mean:

- 14           a) *Individual Taxpayer* - any individual citizen subject to tax on income as  
15 provided by RA 8424 otherwise known as the "National Internal Revenue  
16 Code".  
17           b) *Charity or Civil Society Organizations* – charitable institutions and other  
18 non-government organizations, including foundations, civic organizations,  
19 people's organizations, sectoral formations, cooperatives, microfinance  
20 institutions and social enterprises, duly registered with the Securities and  
21 Exchange Commission (SEC), the Cooperative Development Authority  
22 (CDA), or formal accrediting bodies approved for the purposes of this law.  
23           c) *Priority Government Projects* - the identified priority development  
24 projects and programs of (1) Local Government Units (LGUs) as identified

1 in their Local Poverty Reduction Action Plans (LPRAP) or (2) National  
2 Government Agencies (NGAs) as identified in the Philippine Development  
3 Plan.

- 4 d) *Political parties* – national, regional or sectoral parties, organizations or  
5 coalitions duly registered with the Commission on Elections (COMELEC) as  
6 provided by Batas Pambansa Blg. 881 otherwise known as the “Omnibus  
7 Election Code” and RA 7941 otherwise known as the “Party-List System  
8 Act”.

9 **SEC. 4. Allocation of Funds from Income Tax. –**

- 10 a) Individual Tax Payers shall have the option to allocate five percent (5%)  
11 of their annual income tax to support a Charity or Civil Society  
12 Organization, Priority Government Project or Political Party that the Tax  
13 Payer shall select from an official list of eligible organizations and  
14 projects. An inter-agency committee to be led by the Department of  
15 Budget and Management (DBM) shall provide this list.
- 16 b) The Bureau of Internal Revenue (BIR) shall establish the mechanism for  
17 an individual taxpayer to allocate five percent (5%) of income tax yearly  
18 to the selected beneficiary as part of the annual process of filing income  
19 tax returns.
- 20 c) Should an individual taxpayer decide not to allocate for any of the listed  
21 beneficiaries or projects, the whole amount of the individual’s annual  
22 income tax goes to the government’s general fund.
- 23 d) Funds received by the benefitting organizations or priority government  
24 programs as provided by this Act shall be exempted from donor’s tax or  
25 any other taxes.

26 **SEC. 5. Eligibility Requirements and Conditions. –** An interagency committee  
27 to be led by DBM shall be established to determine the qualifications and  
28 requirements for a charity or civil service organization, priority government project  
29 or political party to be eligible for the five percent (5%) allocation; and to finalize the  
30 list of eligible organizations and projects to be submitted to BIR each year. The  
31 interagency committee shall also set the conditions, guidelines, processes and  
32 reporting requirements for the receipt and use of funds in accordance with the  
33 government’s development priorities and to ensure full transparency and  
34 accountability.

35 **SEC. 6. Implementing Rules and Regulations. –** Within sixty (60) days from  
36 the effectivity of this Act, the DBM and the BIR shall promulgate the necessary rules  
37 and regulations for the implementation of this Act.

38 **SEC. 7. Separability Clause. –** Should any provision herein be declared  
39 unconstitutional, the same shall not affect the validity of the other provisions of this  
40 Act.

41 **SEC. 8. Repealing Clause. –** All laws, decrees, orders, rules, and regulations or

1 other issuances or parts inconsistent with the provisions of this Act are hereby  
2 repealed or modified accordingly.

3           **SEC. 9. Effectivity.** — This Act shall take effect fifteen (15) days after its  
4 publication in the Official Gazette or in two (2) newspapers of general circulation in  
5 the Philippines.

6           *Approved,*