



S E N A T E

S. No. 2407

(In substitution of Senate Bill No. 2272, taking into  
consideration HB No. 9913)

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PREPARED BY THE COMMITTEE ON WAYS AND MEANS WITH  
SENATORS ANGARA, VILLANUEVA, RECTO, ZUBIRI,  
BINAY, GATCHALIAN, POE, GORDON, PANGILINAN,  
HONTIVEROS, PACQUIAO, REVILLA JR., VILLAR, DE  
LIMA, CAYETANO, GO, DRILON AND MARCOS AS  
AUTHORS

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AN ACT AMENDING SECTION 27(B) OF THE  
NATIONAL INTERNAL REVENUE CODE OF  
1997, AS AMENDED, AND FOR OTHER  
PURPOSES

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

1           SECTION 1. Section 27(B) of the National Internal  
2 Revenue Code of 1997, as amended, is hereby further  
3 amended to read as follows:

4           “(B) [~~Proprietary Educational Institutions and~~  
5           ~~Hospitals. Proprietary educational institutions and~~

1 ~~hospitals which are non-profit]~~ HOSPITALS  
2 WHICH ARE NON-PROFIT AND PROPRIETARY  
3 EDUCATIONAL INSTITUTIONS shall pay a tax of  
4 ten percent (10%) on their taxable income except  
5 those covered by Subsection (D) hereof: *Provided,*  
6 That beginning July 1, 2020 until June 30, 2023, the  
7 tax rate herein imposed shall be one percent (1%):  
8 *Provided further,* That if the gross income from  
9 unrelated trade, business or other activity exceeds  
10 fifty percent (50%) of the total gross income derived  
11 by such educational institutions or hospitals from all  
12 sources, the tax prescribed in Subsection (A) hereof  
13 shall be imposed on the entire taxable income. For  
14 purposes of this Subsection, the term 'unrelated  
15 trade, business or other activity' means any trade,  
16 business or other activity, the conduct of which is  
17 not substantially related to the exercise or  
18 performance by such educational institution or  
19 hospital of its primary purpose or function.  
20 'Proprietary EDUCATIONAL INSTITUTION' means

1        [~~a private hospital, or~~] any private school  
2        maintained and administered by private individuals  
3        or groups with an issued permit to operate from the  
4        Department of Education (DepEd), or the  
5        Commission on Higher Education (CHED), or the  
6        Technical Education and Skills Development  
7        Authority (TESDA), as the case may be, in  
8        accordance with existing laws and regulations.”

9            *SEC. 2. Implementing Rules and Regulations.* – The  
10        Department of Finance shall promulgate the necessary  
11        rules and regulations for the effective implementation of  
12        the provisions of this Act.

13            *SEC. 3. Separability Clause.* – If any portion or  
14        provision of this Act is subsequently declared invalid or  
15        unconstitutional, other provisions hereof which are not  
16        affected thereby shall remain in full force and effect.

17            *SEC. 4. Repealing Clause.* – All laws, decrees,  
18        executive orders, rules and regulations or parts thereof,  
19        which are inconsistent with this Act, are hereby repealed,  
20        amended or modified accordingly.

1            SEC. 5. *Effectivity.* – This Act shall take effect  
2 fifteen (15) days after its publication in the *Official Gazette*  
3 or in a newspaper of general circulation.

Approved,