

EIGHTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )

SEP 20 2021 12:01

SENATE

COMMITTEE REPORT No. 311

RECEIVED

Submitted by the Committee on Ways and Means on SEP 20 2021

Re: Senate Bill No. 2407

Recommending its approval in substitution of Senate Bill No. 2272 taking into consideration House Bill No. 9913.

Sponsor: Sen. Pia S. Cayetano

**MR. PRESIDENT:**

The Committee on Ways and Means to which were referred Senate Bill No. 2272, introduced by Senators Angara, Villanueva, Recto, Zubiri, Binay, Gatchalian, Poe, Gordon, Pangilinan, Hontiveros, Pacquiao, Revilla, Villar, and De Lima, entitled:

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

and House Bill No. 9913, introduced by Representatives Salceda, Benitez, Rodriguez, Villafuerte, Tambunting, *et al.*, entitled:

**AN ACT  
CLARIFYING THE INCOME TAXATION OF PROPRIETARY EDUCATIONAL  
INSTITUTIONS, AMENDING FOR THE PURPOSE SECTION 27 (B) OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

has considered the same and has the honor to report these back to the Senate with the recommendation that the attached bill, Senate Bill No. 2407, prepared by the Committee, entitled:

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

be approved in substitution of Senate Bill Nos. 2272 taking into consideration House Bill No. 9913 with Senators Angara, Villanueva, Recto, Zubiri, Binay, Gatchalian, Poc, Gordon, Pangilinan, Hontiveros, Pacquiao, Revilla, Villar, De Lima, and Cayetano as authors.

Respectfully Submitted:

  
**PIA S. CAYETANO**  
Chairperson

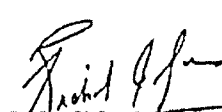


**SONNY ANGARA**  
Vice Chairperson

**Members**

  
**CHRISTOPHER LAWRENCE T. GO**

  
**PANFILO M. LACSON**

  
**RICHARD J. GORDON**

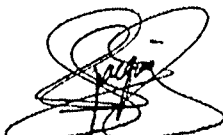
  
**WIN GATCHALIAN**



MANUEL "LITO" M. LAPID



RONALD "BATO" DELA ROSA



EMMANUEL "MANNY" D. PACQUIAO

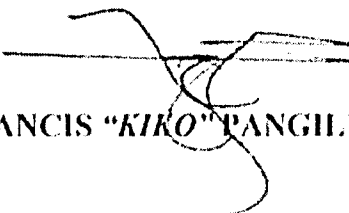


GRACE POE



RAMON BONG REVILLA, JR.

with reservation to amend  
*Free H. Marcos*  
IMEE R. MARCOS



FRANCIS "KIKO" PANGILINAN



RISA HONTIVEROS



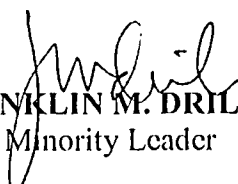
LEILA M. DE LIMA

*subject to  
interpellation  
and amendment.*

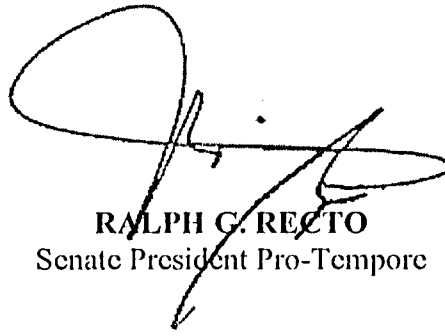
Ex-Officio Members



JUAN MIGUEL "MIGZ" F. ZUBIRI  
Majority Leader



FRANKLIN M. DRILON  
Minority Leader



**RALPH C. RECTO**  
Senate President Pro-Tempore

**VICENTE C. SOTTO III**  
*President*  
Senate of the Philippines  
Pasay City

EIGHTEENTH CONGRESS OF THE )  
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COMMITTEE ON WAYS AND MEANS

21 SEP 20 P12:01

SENATE

S. No. 2407

RECEIVED 

(In Substitution of S.B. No. 2272, and taking into consideration H.B. 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, Villar, De Lima, and Cayetano 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 Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:  
3           **(B) [~~Proprietary Educational Institutions and Hospitals.~~ Proprietary**  
4 **educational institutions and hospitals which are non-profit] HOSPITALS**  
5 **WHICH ARE NON-PROFIT AND PROPRIETARY EDUCATIONAL**  
6 **INSTITUTIONS** shall pay a tax of ten percent (10%) on their taxable  
7 income except those covered by Subsection (D) hereof: Provided, That  
8 beginning July 1, 2020 until June 30, 2023, the tax rate herein imposed  
9 shall be one percent (1%): *Provided further,* That if the gross income from  
10 unrelated trade, business or other activity exceeds fifty percent (50%) of  
11 the total gross income derived by such educational institutions or hospitals

1 from all sources, the tax prescribed in Subsection (A) hereof shall be  
2 imposed on the entire taxable income. For purposes of this Subsection,  
3 the term 'unrelated trade, business or other activity' means any trade,  
4 business or other activity, the conduct of which is not substantially related  
5 to the exercise or performance by such educational institution or hospital  
6 of its primary purpose or function. 'Proprietary' means a private hospital,  
7 or any private school maintained and administered by private individuals  
8 or groups with an issued permit to operate from the Department of  
9 Education (DepEd), or the Commission on Higher Education (CHED), or  
10 the Technical Education and Skills Development Authority (TESDA), as  
11 the case may be, in accordance with existing laws and regulations.

12 **SEC 2. *Implementing Rules and Regulations.*** - The Department of Finance  
13 shall promulgate the necessary rules and regulations for the effective implementation  
14 of the provisions of this Act.

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

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

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

*Approved,*