

SENATE
S.B. NO. 567

'19 JUL 17 P2 :48

Introduced by Senator Maria Lourdes Nancy S. Binay

REG.

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

Article II, Section 17 of the 1987 Philippine Constitution provides:

"The State shall give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development."

Article II, Section 24 of the 1987 Philippine Constitution provides:

"The State recognizes the vital role of communication and information in nation-building."

Media is everywhere and it plays a dominant role in the learning process. It has the potential to shape minds and change the way we perceive and understand things. Television is a powerful media since it can easily reach all sorts of people from different parts of the country. It can be a source of education and may work as an important part of the learning process by broadcasting immense knowledge and information.

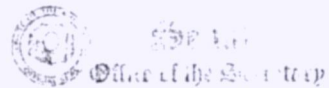
Republic Act No. 8370, otherwise known as the "Children's Television Act of 1997" was enacted to promote and encourage the production and broadcasting of developmentally-appropriate television programs for children through the administration of a national endowment fund for children's television.

However, even with this law, there is still less child-friendly programs on television. Thus, it is imperative that the government intervene in order to encourage media entities to invest in our children's future through the production of accessible educational programs thru mass media.

The proposed bill seeks to grant fiscal incentives to media entities that devote airtime to educational programs for children by exempting equipment, tools for production, transportation and communication facilities to be utilized for educational purposes.

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



MARIA LOURDES NANCY S. BINAY
Senator



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Be it enacted by the Senate and 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 nation
3 building and shall take appropriate steps to make education accessible to all.
4 Pursuant to this policy, the State shall promote, support, and provide incentives
5 to mass media, as well as to sponsors or advertisers, who devote air time and
6 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 purpose of this Act, the following terms
12 shall mean as follows:

13 (a) "Mass media" refers to means of communication which
14 includes both broadcast and film and print media that reach
15 very large numbers of people;

- 1 (b) "Broadcast media" refers to radio, television, cable
2 broadcast, and the like;
- 3 (c) "Print media" refers to newspapers, magazines, reviews,
4 bulletins, and other publications appearing at regular
5 interval, with fixed prices for subscriptions appearing at
6 regular interval, with fixed prices for subscription and sale
7 and published within the Philippines;
- 8 (d) "Commercials and advertisements" refers to
9 announcements, descriptions, presentations, advertising or
10 promoting of something, as in goods for sale, in
11 newspaper, magazine, television, radio, and the like;
- 12 (e) "Advertiser or sponsor" refers to the owner or the principal
13 of the thing or product to be advertised or sponsored; and
- 14 (f) "Educational purposes" includes, but is not limited to,
15 educational programs, publications, commercials, and
16 advertisements which:
- 17 (1) Give positive influence on entertainment;
 - 18 (2) Promote social values;
 - 19 (3) Mobilize community support and wage
20 information campaigns directed at parents to
21 promote the importance of basic education;
 - 22 (4) Improve the image of technical education and
23 skills training, and to inculcate the necessary
24 values needed for productive employment;
 - 25 (5) Propagate culture, foster patriotism,
26 nationalism, and other values that serve as
27 instruments in the struggle for Filipino
28 sovereignty, identity, national unity, and
29 integration; and

1 (6) Such other similar descriptions as the Secretary
2 of Education may provide pursuant to the
3 implementation of this Act.
4

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

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

26 Properties donated other than cash shall be valued in accordance with the
27 rules and regulations prescribed by the Secretary of Finance in consultation with
28 appropriate government agencies.
29

1 Sec. 6. *Program and Publications.* – The net income derived from
2 educational programs and publications shall be tax-exempt for five (5) years
3 from the start of its initial operation or until the producer and publisher shall
4 have attained reasonable return of their investment. Thereafter, no part of the
5 net income that inures to the benefit of the producer or publisher in an amount
6 not in excess of twenty-five percent (25%) of the taxable income derived from
7 the program or publication shall be allowed. The excess amount of the net
8 income shall be devoted for the enhancement of the educational programs and
9 publication, and for other educational purposes.

10

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

17

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

24

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

29

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

4

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

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

Approved,