

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
FIRST REGULAR SESSION )

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SENATE  
Senate Bill No. **1848**

RECEIVED BY: \_\_\_\_\_

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Introduced By Senator Francis N. Pangilinan

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**EXPLANATORY NOTE**

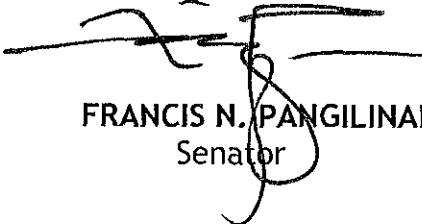
Undeniably, broadcast media has revolutionized its role in our daily lives. Its conspicuous presence pervades the intimacy of the Filipino home, with at least 5.7 million out of 12.7 million Filipino households owning a television set (as of 1994) and 28.5 million out of 50.4 million Filipinos aged 10 years old and over (approximately 3 out of 10) exposed to television. Teenagers spend at least 30 hours weekly in front of the television. Beyond merely asserting its presence in every living room, however, broadcast media influences young and old viewers alike, determines national issues, and shapes public opinion. We are, therefore, left with the sole option of acknowledging the power of broadcast media and exploring its societal uses.

Yet, it is equally true that the quality of Philippine programming has deteriorated over the years. Broadcast media is currently replete with highly commercialized entertainment programs. Until 1993, most locally produced programs were game shows and variety shows. Thus, the strong influence of these programs on our youth has caused increasing concern on its adverse effects on the already declining literacy of the Filipino people.

The proliferation of broadcast media and the breadth of its audience make it a desirable and effective tool of instruction. As the youth dominates broadcast media's audience, it is most opportune to develop broadcast media as a medium of learning. Recognizing the crucial role that broadcast media plays in the promotion of the intellectual and social well-being of our youth and the deleterious effects of the continuing decline of Philippine broadcast programming, it is time we promote public broadcasting having high educational, historical, and cultural value.

This bill aims to encourage the development, production, and broadcast of non-commercial and primarily educational, historical, and cultural television and radio programs that would directly contribute to the enrichment and enhancement of our youth's intelligence and social awareness. Mindful of the considerable expenses required for the production of such programs, the bill proposes to grant tax incentives to television and radio stations and cable television systems which develop, produce, and broadcast non-commercial and primarily educational, cultural, and historical programs and to donors to such programs. It is hoped that by granting these incentives, economically sustainable, high quality and non-commercial educational, historical, and cultural programs can be developed without unmanageable financial risk to broadcast media entities, thus impelling greater participation in public broadcasting.

In view of advancing both the interests of broadcast media entities and the welfare of the audience especially the youth, passage of this bill is earnestly requested.



FRANCIS N. PANGILINAN  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
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**AN ACT**  
**PROMOTING QUALITY NON-COMMERCIAL AND PRIMARILY EDUCATIONAL,**  
**HISTORICAL, AND CULTURAL TELEVISION AND RADIO PROGRAMS BY**  
**PROVIDING TAX INCENTIVES TO TELEVISION AND RADIO STATIONS AND CABLE**  
**TELEVISION SYSTEMS WHICH DEVELOP, PRODUCE, AND BROADCAST SUCH**  
**PROGRAMS AND FOR OTHER PURPOSES**

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

1       SEC. 1. *Title.* - This Act shall be known as the "Public Broadcasting Tax  
2 Incentives Act."

3       SEC. 2. *Declaration of Policy.* - It is the policy of the State to encourage  
4 and advance high quality broadcasting with educational, historical, and cultural  
5 value that would inform, enlighten, and educate the public as well as promote,  
6 enrich, and enhance Philippine society and culture.

7       SEC. 3. *Definition of terms.* - As used in this Act, the following terms  
8 shall mean or be interpreted and construed as hereunder defined:

9       (a) "Broadcasting" shall refer to an undertaking the object of which is to  
10 transmit programs, either directly by radio waves or other means of  
11 telecommunication, or indirectly through a distribution undertaking, for  
12 reception by the public by means of broadcasting receiving apparatus, but shall  
13 not include re-transmissions;

14       (b) "Re-transmission" shall refer to receiving and simultaneously  
15 transmitting, irrespective of the technical means employed, complete and  
16 unchanged radio or television program services, or important parts of such  
17 services, transmitted by broadcasters for reception by the general public;

18

1 (c) "Public broadcasting" shall refer to the production and broadcast of  
2 non-commercial and primarily educational, cultural, and historical television or  
3 radio programs;

4 (d) "Program" shall refer to sounds or visual images, or a combination of  
5 sounds and visual images, that are intended to inform, enlighten or entertain,  
6 but does not include visual images, whether or not combined with sounds, that  
7 consist predominantly of alphanumeric text;

8 (e) "Television Broadcasting" shall refer to public showing by  
9 transmitting sound or images by television or similar equipment, including  
10 cable television, and other limited audience distribution;

11 (f) "Television Station" or "Television Broadcast Station" shall refer to  
12 any television broadcast station authorized to operate on a channel regularly  
13 allocated to a community;

14 (g) "Radio Station" or "Radio Broadcast Station" shall refer to any radio  
15 broadcast station authorized to operate on a radio frequency regularly  
16 allocated to a community; and

17 (h) "Cable Television System" or "Community Antenna Television  
18 (CATV)" shall refer to any facility that, in whole or in part, receives directly or  
19 indirectly over the air, and amplifies or otherwise improves the signals  
20 transmitting programs broadcast by one or more television, satellite or radio  
21 stations and distributes such signal by wire or cable to subscribing members of  
22 the public who pay for such service(s), but such term shall not include (i) any  
23 such facility that serves fewer than 50 subscribers, or (ii) any such facility that  
24 serves only the residents of one or more apartment dwellings under common  
25 ownership, control or management, and commercial establishments located on  
26 the premises of such an apartment house, which may be subject to other laws  
27 and regulations. For purposes of this Act, entities having a single head-end and

1 identical ownership of facilities extending into several communities shall be  
2 considered as a single entity.

3 Pursuant to the thrusts of this Act, non-commercial and primarily  
4 educational, historical, and cultural programs shall refer to high-quality  
5 noncommercial broadcast media programs having particular emphasis on  
6 children's programming with high educational, historical, and cultural value.

7 SEC. 4. *Tax Incentives.*— In computing taxable income, a television  
8 station, a radio station, and a cable television system, may, at its option,  
9 deduct research and development expenditures paid or incurred in the  
10 development and production of non-commercial and primarily educational,  
11 cultural, and historical television or radio programs for public broadcasting  
12 during the taxable year, *Provided that*, the total amount deductible shall not  
13 exceed twenty percent (20%) of the taxpayer's taxable income computed  
14 without the benefit of any tax incentives under existing laws, *Provided further*,  
15 that this shall not apply to expenditures for the acquisition or improvement of  
16 property of a character which is subject to the allowance for depreciation  
17 under the National Internal Revenue Code but the allowance for depreciation  
18 thereon shall be treated as expenditures. The election by the taxpayer to  
19 deduct the development and production expenditures is irrevocable and shall  
20 be binding in succeeding taxable years.

21 SEC. 5. *Tax Deduction or Exemption of Donations and Contributions.*—  
22 Donations, contributions, gifts, or grants for the construction or operation of  
23 non-commercial and primarily educational, cultural, and historical broadcast  
24 stations or for the production, acquisition, distribution, or dissemination of  
25 noncommercial and primarily educational, cultural, and historical television or  
26 radio programs shall be exempt from donor's taxes and shall be deductible in  
27 full from the gross income of the donor. The tax privilege may only be claimed  
28 for the taxable year the donation was made.

1           SEC. 6. *Repealing Clause.* – All telecommunications and broadcasting  
2 franchises and other provisions of laws, orders, decrees, including rules and  
3 regulations inconsistent herewith are hereby repealed and/or modified  
4 accordingly.

5           SEC. 7. *Separability Clause.* – If any part or provision of this Act shall be  
6 held to be unconstitutional or invalid, other provisions hereof which are not  
7 affected thereby shall continue to be in full force and effect.

8           SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days  
9 following its publication in one (1) national newspaper of general circulation.

10           *Approved,*