

FOURTEENTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
First Regular Session }

7 JUN 30 P 2:22

SENATE

S.B. NO. 139

RECEIVED BY: 

Introduced by Senator Francis N. Pangilinan

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 and 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

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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 the House of Representatives of the Philippines in Congress assembled:

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

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

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

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

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

14 (c) "*Public Broadcasting*" shall refer to the production and broadcast of non-commercial and
15 primarily educational, cultural, and historical television or radio programs;

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

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

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

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

7 (h) "Cable Television System" or "Community Antenna Television (CATV)" shall refer to any
8 facility that, in whole or in part, receives directly or indirectly over the air, and amplifies or otherwise
9 improves the signals transmitting programs broadcast by one or more television, satellite or radio stations
10 and distributes such signal by wire or cable to subscribing members of the public who pay for such
11 service(s), but such term shall not include (i) any such facility that serves fewer than fifty (50) subscribers,
12 or (ii) any such facility that serves only the residents of one or more apartment dwellings under common
13 ownership, control or management, and commercial establishment located on the premises of such an
14 apartment house, which may be subject to other laws and regulations. For purposes of this Act, entities
15 having a single head-end and identical ownership of facilities extending into several communities shall be
16 considered as a single entity.

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

20 **SEC. 4. Tax Incentives.** - In computing taxable income, a television station, a radio station, and a
21 cable television system, may, at its option, deduct research and development expenditures paid or incurred
22 in the development and production of non-commercial and primarily educational, cultural, and historical
23 television or radio programs for public broadcasting during the taxable year: *Provided*, That the total
24 amount deductible shall not exceed twenty percent (20%) of the taxpayer's taxable income computed
25 without the benefit of any tax incentives under existing laws: *Provided, further*, That this shall not apply to
26 expenditures for the acquisition or improvement of property of a character which is subject to the allowance
27 for depreciation under the National Internal Revenue Code but the allowance for depreciation thereon shall
28 be treated as expenditures. The election by the taxpayer to deduct the development and production
29 expenditures is irrevocable and shall be binding in succeeding taxable years.

1 **SEC. 5. *Tax Deduction or Exemption of Donations and Contributions.*** - Donations, contributions,
2 gifts, or grants for the construction or operation of non-commercial and primarily educational, cultural, and
3 historical broadcast stations or for the production, acquisition, distribution, or dissemination of non-
4 commercial and primarily educational, cultural, and historical television or radio programs shall be
5 exempted from donor's taxes and shall be deductible in full from the gross income of the donor. The tax
6 privilege may only be claimed for the taxable year the donation was made.

7 **SEC. 6. *Repealing Clause.*** - All telecommunications and broadcasting franchises and other
8 provisions of laws, orders, decrees, including rules and regulations inconsistent herewith are hereby
9 repealed and/or modified accordingly.

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

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

Approved,