

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

7 JUL -2 1976

SENATE

RECEIVED BY: 

Senate Bill No. 327

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The importance of media and education in national development is enshrined in the following 1987 Constitutional provisions:

“The State recognizes the vital roles of communication and information in nation-building.” (Article II, Section 24)

“The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to much such education accessible to all.” (Article XIV, Section 1)

The process of learning demands an effective avenue of knowledge transfer. The broadcast media and print media are always at constant contact with the population. Thus, they play a potentially active and efficient role in information dissemination, more particularly, beyond the four corners of the classroom.

However, the consultations of the Congressional Commission on Education (EDCOM) with media reveal a very sad state that it is difficult to seek media’s cooperation due to their profit orientation and the need to please the viewing and reading public in order to stay in business. Economics has a very strong influence on media character. Media is practically helpless in relation to the forces of economics.

Cognizant of the problem being encountered by the media industry and recognizing the importance of media to the present educational program, this bill grants tax incentives to media programs and publications, as well as to their respective advertisers and sponsors. It is hoped that the measures contained in this bill will alleviate the economic plight of the media industry as a whole and transform it into an effective tool towards the success of the national educational program.

Media is an effective alternate vehicle to deliver educational services to our population. In this context, every Filipino can be extended educational services beyond the four corners of the classroom.

In view of the foregoing considerations, early approval of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
GRANTING TAX INCENTIVES TO BROADCAST AND PRINT MEDIA
DEVOTING AIR TIME AND SPACE TO EDUCATIONAL PROGRAMS, AND TO
ADVERTISERS OR SPONSORS SUPPORTING SUCH PROGRAMS AND FOR
OTHER PURPOSES

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

SECTION 1. Declaration of Policy. It is hereby declared the policy of the State to recognize the vital roles of communication and information in nation building and shall take appropriate steps to make education accessible to all.

Pursuant to this policy, the State shall promote, support, and provide incentives to broadcast and print media, as well as to sponsors or advertisers, who endeavor air time and space for educational purposes.

SEC 2. Coverage. This Act shall apply to all kinds of mass media operating within the Republic of the Philippines.

SEC 3. Definition of Terms. For the purpose of this Act, the following terms shall mean:

- a) Mass media – refers to the means of communication which includes both broadcast and print media that reach very large numbers of people;
- b) Broadcast media – refers to radio, television, cable broadcast and the like;
- c) Print media – refers to newspapers, magazines, reviews, bulletins and other publications appearing at regular interval, with fixed prices for subscription and sale and published within the Philippines;
- d) Commercials and advertisement – shall mean announcement, description presentation, advertising or promoting of something, as of good for sale, in newspaper, magazine, television, radio, etc.;
- e) Advertiser or sponsor – shall mean the owner or the principal of the thing or product to be advertised or sponsored;

- f) Education purposes – includes, but no limited to, educational programs, publications, commercials and advertisement which:
- 1) give positive influence on entertainment;
 - 2) promote social values
 - 3) *mobilize community support to, and wage information campaigns directed at parents to promote importance of basic education;*
 - 4) improve the image of technical education and skills training and to inculcate the necessary values needed for productive employment;
 - 5) propagate culture, foster patriotism and nationalism and other values that serve as an instrument in the struggle for Filipino sovereignty, identify, national unity and integration; and
 - 6) such other similar descriptions the Secretary of Education, Culture and Sports may provide pursuant to the implementation of this Act.

SEC 4. *Tax Exempt Importation.* The provisions of existing laws to the contrary notwithstanding, the machineries, equipment, tools for production, spare parts, supplies, materials and transportation and communication facilities to be used actually, directly and exclusively for educational purposes by media producers and publishers are not subject to duty and internal revenue tax. Provided, That where the National Economic and Development Authority certifies to the availability of the above mentioned items in the local market of sufficient quantity, comparable quality, and price to meet the needs of the producers and publishers subject to existing taxes, the importation of items shall be subject to existing taxes: Provided, further, That such tax-exempt items brought or imported into the Philippines are subsequently sold, transferred or exchanged in the Philippines to be devoted to non-educational purposes, the purchasers or recipients shall be considered the importer thereof, and shall be liable of the duty and internal revenue tax due on such importation subject to depreciation allowance. The tax due on such items shall constitute a lien on the article itself, superior to all other charges or liens, irrespective of the possessor thereof.

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

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

Contributions or gifts shall be allowable as deduction only if verified under the regulations prescribe the Secretary of Finance.

SEC 6. *Program and Publication.* The net income derived from educational programs and publications shall be tax-exempt for five (5) years from the start of its initial operation or until the producer and publisher shall have

attained reasonable return of their investment. Thereafter, no part of the net income of which inures to the benefit of the producer or publisher in an amount not in excess of twenty five (25%) of the taxable income derived from the program or publication shall be allowed. The excess amount of the net income shall be devoted for the enhancement of the educational program and publication and for other educational purposes.

SEC 7. Commercial and Advertisement. All expenses incurred in the production of commercials and advertisements with educational impact, approved by the Secretary of Education or any equivalent government agency, shall enjoy tax deduction of not more than ten percent (10%) of the gross operating expenses of the advertisers or sponsors: Provided, That these commercials and advertisements are actually delivered to the general public.

SEC 8. Airtime Rates and Cost of Space. Broadcast media and print shall give ten percent (10%) lower airtime rates and cost of space for every paid feature of production or publication with educational content, as approved and certified by the Secretary of Education, Culture and Sports or any equivalent government agency, the difference from the regular rate shall be chargeable to the value-added tax accruable.

SEC 9. Government Cooperation. Every department, bureau, office, agency or instrumentality, of the government, including government-owned or controlled corporation, are enjoined to cooperate with private sector in order to achieve the objective of this Act.

SEC 10. Separability Clause. If any provision of this Act shall be declared unconstitutional, the other provisions which are not affected thereby shall continue in force and in effect.

SEC 11. Repealing Clause. Any law, act, decree, order, proclamation, regulation or any part thereof which is inconsistent with this Act is hereby repealed and modified accordingly.

SEC 12. Effectivity Clause. This Act shall take effect upon approval.

Approved,