

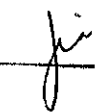
SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

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SENATE
S.B. No. 1356

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

Explanatory Note

At a time when public funding is under intense scrutiny, when the Filipino people are crying out for full transparency and accountability, and when government is being called on to implement massive reforms, how can we ensure that it is the *PEOPLE* of the Philippines who ultimately have a say on where public funds are being spent?

The **People's Fund** seeks to revolutionize public budgeting and funding by giving the taxpayers of the Philippines the choice on where a portion of their hard-earned money should go.

It allows an individual taxpayer to allocate five percent (5%) of his or her income tax to be allocated for any of the following:

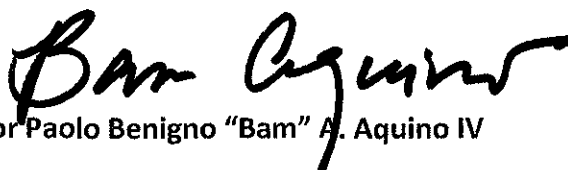
1. An accredited charity or civil society organization;
2. A priority national or local government project;
3. A legitimate political party.

Under this bill, the Bureau of Internal Revenue (BIR) shall establish the mechanism that would enable individual taxpayers to select beneficiaries upon filing of their annual income tax returns.

Meanwhile, an inter-agency committee led by the Department of Budget and Management (DBM) shall determine the eligibility of respective organizations, and shall likewise set the conditions, guidelines, and reporting requirements for the receipt and use of the funds by the benefitting organizations.

This gives the Filipino public greater control over how their monies are spent, ultimately empowering Filipinos to support institutions and initiatives that they deem worthy.

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


Senator Paolo Benigno "Bam" A. Aquino IV



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AN ACT PROVIDING FOR PEOPLE'S DIRECT PARTICIPATION IN FUNDING CHARITABLE INSTITUTIONS AND OTHER DEVELOPMENT-ORIENTED INITIATIVES THROUGH A PERCENTAGE OF THEIR PERSONAL INCOME TAX

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

1 **SECTION 1. Short Title.** – This Act shall be known as the "People's Fund of 2013".
2

3 **SECTION 2. Declaration of Policies.** – It is the policy of the State to guarantee the right
4 of the people and their organizations to effective and reasonable participation at all levels of
5 social, political, and economic decision-making. It is moreover the policy of the State to
6 promote a just and dynamic social order through the strengthening of a broad range of
7 organizations, programs and initiatives that facilitate social welfare, people's participation and
8 national development. In furtherance of these policies, the State shall provide a mechanism
9 that empowers its citizens to directly contribute public funds towards priority development
10 programs and the strengthening of real political parties and a vibrant civil society sector in the
11 Philippines.

12 **SECTION 3. Definition of Terms.** –

- 13
- 14 a. *Individual Tax Payer* refers to any individual citizen subject to tax on income as
15 provided by the Tax Reform act (Republic Act No. 8424);
- 16 b. *Charity or Civil Society Organizations* refer to charitable institutions and other non-
17 government organizations, including foundations, civic organizations, people's
18 organizations, sectoral formations, cooperatives, microfinance institutions and social
19 enterprises, duly registered with the Securities and Exchange Commission (SEC), the
20 Cooperative Development Authority (CDA), or formal accrediting bodies approved
21 for the purposes of this law;
- 22 c. *Priority Government Projects* refer to the identified priority development projects
23 and programs of (1) Local Government Units (LGUs) as identified in their Local
24 Poverty Reduction Action Plans (LPRAP) or (2) National Government Agencies
25 (NGAs) as identified in the Philippine Development Plan;
- 26 d. *Political parties* refer to national, regional, or sectoral parties, organizations or
27 coalitions duly registered with the Commission on Elections (COMELEC) as provided
28 by the Omnibus Election Code (Batasang Pambansa Blg. 881) and the Party-List
29 System Act (Republic Act No. 7941).

1 **SECTION 4. Allocation of Funds from Income Tax. –**

- 2 a. Individual Tax Payers shall have the option to allocate five percent (5%) of their
3 annual income tax to support a Charity or Civil Society Organization, Priority
4 Government Project or Political Party that the Tax Payer shall select from an official
5 list of eligible organizations and projects. An inter-agency committee to be led by
6 the Department of Budget and Management (DBM) shall provide this list.
- 7 b. The Bureau of Internal Revenue (BIR) shall establish the mechanism for an Individual
8 Tax Payer to allocate five percent (5%) of income tax yearly to the selected
9 beneficiary as part of the annual process of filing income tax returns.
- 10 c. Should an Individual Tax Payer decide not to allocate for any of the listed
11 beneficiaries or projects, the whole amount of the individual's annual income tax
12 goes to the government's general fund.
- 13 d. Funds received by the benefitting organizations or priority government programs as
14 provided by this Act shall be exempted from Donor's tax or any other taxes.

15 **SECTION 5. Eligibility Requirements and Conditions. –** An inter-agency committee to be
16 led by DBM shall be established to determine the qualifications and requirements for a Charity
17 or Civil Society Organization, Priority Government Project or Political Party to be eligible for the
18 five percent (5%) allocation; and to finalize the list of eligible organizations and projects to be
19 submitted to BIR each year. The inter-agency committee shall also set the conditions,
20 guidelines, processes and reporting requirements for the receipt and use of funds in
21 accordance with the government's development priorities and to ensure full transparency and
22 accountability.

23 **SECTION 6. Implementing Rules and Regulations. –** The Department of Budget and
24 Management (DBM) and the Bureau of Internal Revenue (BIR) shall promulgate not later than
25 thirty (30) days upon the effectivity of this Act, the necessary rules and regulations for its
26 effective implementation.

27 **SECTION 7. Separability Clause. –** If any provision of this Act is subsequently declared
28 invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain
29 in full force and effect.

30 **SECTION 8. Repealing Clause. –** All laws, acts, presidential decrees, executive orders,
31 issuances, presidential proclamations, rules and regulations or parts thereof which are contrary
32 to and inconsistent with any provision of this Act are hereby repealed, amended or modified
33 accordingly.

34 **SECTION 9. Effectivity. –** This Act shall take effect fifteen (15) days after its complete
35 publication either in the *Official Gazette* or in at least two (2) newspapers of general circulation.

36 Approved,