

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH (17TH) CONGRESS
First Regular Session

HOUSE BILL NO. 3914



Introduced by Representative Manuel Monsour T. Del Rosario III

EXPLANATORY NOTE

Lack of funding is one of the major impediments that hamper the development of Philippine sports. Funding is necessary to enable our country to excel in international sports competitions. Our athletes require top-quality trainers and coaches, nutritious food and health supplements, decent allowance and housing, modern training equipment and facilities, and international exposure.

The Philippine Sports Commission (PSC) has a meager budget for sports development. For too long, it has been scrambling for funds to energize the country's sports development programs. Unfortunately for this beleaguered agency, it gets the bulk of the blame every time the country performs dismally in international sports competitions. At present, the PSC is wrangling with the Philippine Amusement and Gaming Corporation to demand its five percent (5%) share of the gaming agency's gross income as mandated by law.

At the local level, there is likewise a measly budget allocated by local governments for sports despite the mandated appropriation. Often, this scarce fund is used for the town fiesta or other recreational activities. There is little guidance, too, on the appropriate use of sports funds, with local officials justifying the use of these funds by paying for basketball uniforms.

The dearth of funding underscores the need for government to marshal the considerable resources of the private sector toward the development of sports in the country. Building partnerships with the private sector adds value in a number of ways, not just in terms of financial support. A partnership with the private sector enables stakeholders to accomplish shared goals. For example: Sports competitions provide the exposure that private companies would need to promote their products or services. Meanwhile, it gives government the opportunity to reach other stakeholders it might not otherwise reach and to access funding for sports development that may otherwise remain unused.

Partnering with the private sector can also help to enlarge the sports development activities of government to a bigger scale. A business, for instance, might employ the best human resources available and may have experience, knowledge and access to broad networks that can help government in reaching some of its sports objectives and in amplifying impact.

However, it is essential for government to institutionalize mechanisms in order to encourage and sustain private sector participation. Providing a tax-relieving measure to the

private sector will convince them to pour substantial, more meaningful resources to our underfunded sports programs. This will help government take forward steps in sports development without further burdening taxpayers. This will also enable government to direct funds to more pressing social and economic programs. It is a strategy that benefits all sectors.

Thus, this bill seeks to elicit the support of the private sector by granting full tax exemptions and deductions from taxable income on donations, grants, endowments, or contributions to be used for government's youth and sports development programs and government-sanctioned sports competitions.

Given the foregoing, approval of this bill is fervently sought.


MANUEL MONSOUR T. DEL ROSARIO III

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HOUSE BILL NO. 3914

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**AN ACT EXEMPTING FROM TAX ALL DONATIONS, GRANTS, ENDOWMENTS,
OR CONTRIBUTIONS USED ACTUALLY, DIRECTLY, AND EXCLUSIVELY FOR
GOVERNMENT'S YOUTH AND SPORTS DEVELOPMENT PROGRAMS AND
SPORTS COMPETITIONS**

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

Section 1. Short Title. – This Act shall be known as the “Tax Exemption for Donations for Youth and Sports Development Act”.

Section 2. Statement of Policy. – The State shall foster the participation of the private sector in youth and sports development through the voluntary sharing of resources.

Section 3. Definition of Terms. – For purposes of this Act, the following terms shall be defined as follows:

- (a) *Public educational institutions* – refer to all organizations established by the government primarily for the education of students, whether in the primary, secondary or tertiary level;
- (b) *Tax exemption* – refers to measures exempting taxpayers, whether individuals or entities, from the payment of tax, including Donor's Tax and all other taxes and fees, arising from and related to the donation, grant, endowment, or contribution of money or property for youth and sports development and sports competitions; and
- (c) *Sports competitions* – refer to sports competitions sanctioned and funded by the government at the national and international levels that aim to develop Filipino athletes, enable them to gain experience and improve their performance, and to promote sports in general.

Section 4. Tax Exemption. – The provision of any law to the contrary notwithstanding, all donations, grants, endowments, or contributions to youth and sports development programs and activities of public educational institutions, local government units and other government agencies in charge of youth and sports development, as well as government-sanctioned and -funded sports competitions at the national and international levels shall be exempt from tax and

shall be deductible from the taxable income of the donor; Provided that such donations, grants, endowments, or contributions are used actually, directly, and exclusively for youth and sports development and government-sanctioned and -funded sports competitions.

Section 5. *Effect on Existing Exemptions.* – Any exemptions enjoyed by the donor under any existing law shall not be impacted by an action performed by the same donor to effect a donation to public educational institutions, local government units and other government agencies in charge of youth and sports development.

Section 6. *Valuation.* – For purposes of this Act, the equivalent monetary value of properties donated, granted, endowed, or contributed shall be the acquisition cost of the property or the certified book value of thereof. Such valuation shall take into consideration the depreciated value of the property in case the same has been previously used by the donor.

Section 7. *Implementing Rules and Regulations.* – The Department of Finance, Bureau of Internal Revenue and other concerned agencies shall promulgate and issue the Implementing Rules and Regulations within ninety (90) days upon approval of this Act.

Section 8. *Separability Clause.* – If any provision or part of this Act, or the application thereof to any person or circumstances, is held invalid or unconstitutional, the remaining sections of this Act or the application of such provision or part hereof to other persons or circumstance shall remain in full force and effect.

Section 9. *Repealing Clause.* – All laws, decrees, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 10. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* and/or in two (2) newspapers of general circulation.

Approved.