

AN ACT AMENDING SECTION 27(B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

REPUBLIC ACT NO. 11635, December 10, 2021

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

SECTION 1. Section 27(B) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“(B) Hospitals which are nonprofit and proprietary educational institutions shall pay a tax of ten percent (10%) on their taxable income except those covered by Subsection (D) hereof: Provided, That beginning July 1, 2020 until June 30, 2023, the tax rate herein imposed shall be one percent (1%): Provided, further, That if the gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income derived by such educational institutions or hospitals from all sources, the tax prescribed in Subsection (A) hereof shall be imposed on the entire taxable income. For purposes of this Subsection, the term ‘unrelated trade, business or other activity’ means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. ‘Proprietary educational institution’ means any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education (DepEd), or the Commission on Higher Education (CHED), or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations.”

SEC. 2. Implementing Rules and Regulations. – The Department of Finance shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 3. Separability Clause. – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 4. Repealing Clause. – Any law, decrees, executive orders, rules or regulations, or parts thereof which are inconsistent with this Act is hereby repealed, amended or modified accordingly.

SEC. 5. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,

(SGD.) LORD ALLAN JAY Q. VELASCO

Speaker of the House of Representatives

(SGD.) VICENTE C. SOTTO III

President of the Senate

This Act was passed by the Senate of the Philippines as Senate Bill No. 2407 on September 27, 2021 and adopted by the House of Representatives as an amendments to House Bill No. 9913 on September 29, 20

(SGD.) MARK LLANDRO L. MENDOZA

Secretary General

House of Representatives

(SGD.) MYRA MARIE D. VILLARICA

Secretary of the Senate

Approved: DEC 10 2021

(SGD.) RODRIGO ROA DUTERTE

President of the Philippines

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