

AN ACT AMENDING PARAGRAPH (h) OF SECTION 30 OF THE NATIONAL INTERNAL REVENUE CODE OF 1977, AS AMENDED, AND FOR OTHER PURPOSES.

BATAS PAMBANSA BLG. 45, December 18, 1979

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Paragraph (h) of Section 30 of the National Internal Revenue Code is hereby amended to read as follows:

"(h) Charitable and other contributions.—

"(1) In General.—Contributions or gifts actually paid or made within the taxable year to or for the use of the Government of the Philippines or any of its agencies or any political subdivision thereof for exclusively public purposes, or to domestic corporations or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or to social welfare institutions, no part of the net income of which inures to the benefit of any private stockholder or individual to an amount not in excess of six per centum in the case of an individual, and three per centum in the case of a corporation, of the taxpayer's taxable net income as computed without the benefit of this and the following subparagraph.

"(2) Contributions deductible in full.—Notwithstanding the provisions of the preceding sub-paragraph, donations to the following institutions or entities shall be deductible in full:

"(A) Donations to the Government.—Donations to the Government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government-corporations exclusively to finance, to provide for, or to be used in undertaking priority activities in education, health, youth and sports development, human settlements, science and culture, and in economic development according to a national priority plan to be determined by the NEDA, in consultation with appropriate government agencies, including its regional development councils, and private philanthropic persons and institutions: Provided, however, That any donation which is made to the Government or to any of its agencies or political subdivisions not in accordance with the said annual priority plan shall be subject to the limitations prescribed in sub-paragraph (1) of this Section.

"(B) Donations to certain foreign institutions or international organizations.—Donations to foreign institutions or international organizations which are fully deductible in pursuance of or in compliance with agreements, treaties, or commitments entered into by the Government of the Philippines and the foreign institutions or international organizations or in pursuance of special laws.

"(C) Donations to certain private foundations.—The term 'private foundation' means a non-profit domestic corporation:

(i) Organized and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, or a combination thereof, no part of the net income of which inures to the benefit of any private individual;

(ii) Which, not later than the 15th day of the third month after the close of the foundation's taxable year in which contributions are received, makes utilization directly for the active conduct of the activities constituting the purpose or function for which it is organized and operated, unless an extended period is granted by the Minister of Finance in accordance with the rules and regulations to be promulgated under Section 2 hereof;

(iii) The level of administrative expense of which shall on an annual basis conform with the rules and regulations to be prescribed by the Minister of Finance but in no case to exceed 30 per cent of total expenses;

(iv) The assets of which in the event of dissolution would be distributed to another non-profit domestic corporation organized for similar purpose or purposes, or to the State for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of said court will best accomplish the general purposes for which the dissolved organization was organized.

"Subject to such terms and conditions as may be prescribed by the Minister of Finance, the term 'utilization' means:

(i) any amount in cash or in kind (including administrative expenses) paid or utilized to accomplish one or more purposes for which the private foundation was created or organized.

(ii) Any amount paid to acquire an asset used (or held for use) directly in carrying out one or more purposes for which the foundation was created or organized.

"An amount set aside for a specific project which comes within one or more purposes of the foundation may be treated as a utilization, but only if, at the time such amount is set aside, the private foundation establishes to the satisfaction of the Commissioner of Internal Revenue that the amount will be paid for the specific project within a period to be prescribed in regulations to be promulgated by the Minister of Finance, but not to exceed 5 years, and the project is one which can be better accomplished by setting aside such amount than by immediate payment of funds. The Minister of Finance shall promulgate rules and regulations to implement this subparagraph.

"(3) Valuation.—Properties other than cash donated shall be valued in accordance with the rules and regulations prescribed by the Minister of Finance in consultation with the appropriate government agencies.

"(4) Proof of deductions.—Contributions or gifts shall be allowable as deduction only if verified under the regulations prescribed by the Minister of Finance."

SEC. 2. Implementing regulations.—The Minister of Finance shall, within 90 days after approval of this Act, after consultation with the appropriate government agencies, promulgate rules and regulations to implement the provisions of this Act consistent with national socio-economic development programs.

SEC. 3. Transitory provisions.—All organizations or institutions which are qualified donees for purposes of the full deductibility of charitable contributions either under the National Internal Revenue Code of 1977 or under special laws shall apply for re-qualification with the Commissioner of Internal Revenue within the period provided by the implementing regulations, and all donations to such organizations or institutions during the period for re-qualification as donees for full deductibility of charitable contributions thereto under this Act shall be allowed.

SEC. 4. Repealing clause.—The provisions of any general or special law allowing full deductibility of donations to any institution or entity (except donations made under Presidential Decrees Nos. 697 and 698) or allowing deduction of any investment for the purchase of cultural properties are hereby repealed or modified accordingly.

SEC. 5. Effectivity.—This Act shall take effect upon its approval.

Approved, December 18, 1979.

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