



HOUSE OF REPRESENTATIVES

H. No. 4575

BY REPRESENTATIVES ARROYO (D.), MACAPAGAL-ARROYO (G.), MACAPAGAL ARROYO (J.), CASTELO, HERRERA-DY, GARCIA (A.), APACIBLE, DUAVIT, BIRON, DEFENSOR, ALVAREZ (A.), TREÑAS, CASIÑO, VILLARICA, MANDANAS, FERNANDEZ, GARAY, TEODORO, DEL ROSARIO (A.G.), SACDALAN, OSMEÑA, JOSON, RODRIGUEZ (I.), LACSON-NOEL, YU, FERRER (J.), SAHIDULLA, LAGDAMEO (A.), BONOAN-DAVID, MELLANA, SAKALURAN, QUISUMBING, UNABIA, BATOCABE, COLMENARES, HARESCO, VILLAR, PANCHO, ENVERGA, COJUANGCO (E.), CAJAYON, RODRIGUEZ (R.), TUGNA, TY, ROMUALDEZ, GONZALES (A.), PANOTES AND BAGASINA, PER COMMITTEE REPORT NO. 903

AN ACT ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY,
PROVIDING INCENTIVES THEREFOR AND FOR OTHER
PURPOSES

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 “Corporate
2 Social Responsibility Act of 2011”.

3 SEC. 2. *Declaration of Policy.* — The State recognizes the vital role of
4 the private sector in nation-building and shall encourage its active participation
5 in fostering sustainable economic development and environment protection in
6 the Philippines. Towards this end, the government shall mobilize its various
7 agencies, in coordination with nongovernment and people’s organizations, to
8 work hand-in-hand for the integration, promotion and strengthening of
9 corporate social responsibility in all business organizations.

1 SEC. 3. *Corporate Social Responsibility.* – All business organizations
2 established and operating under Philippine laws, whether domestic or foreign,
3 are hereby encouraged to observe corporate social responsibility (CSR) in the
4 operation of their business in the country.

5 For purposes of this Act, corporate social responsibility (CSR) refers to
6 the commitment of business to contribute on a voluntary basis to sustainable
7 economic development by working with relevant stakeholders to improve their
8 lives in ways that are good for business, sustainable development agenda and
9 society at large. CSR-related activities shall include, but not be limited to, the
10 following:

- 11 (a) Charitable programs and projects;
- 12 (b) Scientific research;
- 13 (c) Youth and sports development;
- 14 (d) Cultural or educational promotion;
- 15 (e) Services to veterans and senior citizens;
- 16 (f) Social welfare;
- 17 (g) Environmental sustainability;
- 18 (h) Health development;
- 19 (i) Disaster relief and assistance; and
- 20 (j) Employee and worker welfare related CSR activities.

21 SEC. 4. *Deduction from Unrestricted Retained Earnings.* – To
22 encourage companies to engage in CSR, Section 43 of Batas Pambansa
23 Blg. 68, otherwise known as “The Corporation Code of the Philippines”, is
24 hereby amended to read as follows:

25 “SEC. 43. *Power to declare dividends.* –

26 “X X X

27 “Stock corporations are prohibited from retaining surplus
28 profits in excess of one hundred (100%) percent of their paid-in

1 capital stock, except: (1) when justified by definite corporate
2 expansion OR CORPORATE SOCIAL RESPONSIBILITY projects
3 [or] AND programs approved by the board of directors; or (2)
4 when the corporation is prohibited under any loan agreement with
5 any financial institution or creditor, whether local or foreign, from
6 declaring dividends without its/his consent, and such consent has
7 not yet been secured; or (3) when it can be clearly shown that such
8 retention is necessary under special circumstances obtaining in the
9 corporation, such as when there is need for special reserve for
10 probable contingencies.”

11 SEC. 5. *Full Deductibility from Gross Income.* – Nothing herein shall
12 be deemed to amend or modify Section 34(H) of Republic Act No. 8424,
13 otherwise known as the “Tax Reform Act of 1997” relative to the full
14 deductibility of contributions or gifts actually paid or made to accredited donee
15 institutions in computing taxable income which shall continue to be in force
16 and effect.

17 SEC. 6. *Awards and Recognition.* – The State, through the Department
18 of Trade and Industry (DTI), shall give national recognition and rewards to all
19 business organizations for outstanding, innovative and world-class CSR-related
20 services, projects and programs. It shall likewise endorse for recognition of
21 international award-giving bodies, deserving domestic and foreign-registered
22 corporations doing business in the Philippines which are being considered for
23 their outstanding contributions to socioeconomic development.

24 SEC. 7. *Local Government Units.* – All local government units shall
25 extend whatever assistance is necessary for business organizations to perform
26 their CSR-related activities.

1 SEC. 8. *Periodic Report.* – All business organizations shall submit the
2 list of their CSR activities as part of their annual or regular report to the
3 Securities and Exchange Commission (SEC), the DTI, or the Department of
4 Finance (DOF), as the case may be.

5 SEC. 9. *Implementing Rules and Regulations.* – The DOF shall,
6 in coordination with the DTI and the SEC, promulgate the rules and
7 regulations for the effective implementation of this Act within one hundred
8 twenty (120) days upon its effectivity and shall monitor strict compliance
9 therewith.

10 SEC. 10. *Separability Clause.* – If any provision of this Act is
11 declared invalid or unconstitutional, the remaining provisions not affected
12 thereby shall continue to be in full force and effect.

13 SEC. 11. *Repealing Clause.* – Section 43 of Batas Pambansa Blg. 68
14 is hereby amended. All laws, decrees, orders, rules and regulations, and other
15 issuances or parts thereof inconsistent with this Act are hereby repealed or
16 modified accordingly.

17 SEC. 12. *Effectivity Clause.* – This Act shall take effect fifteen (15)
18 days after its publication in the *Official Gazette* or in two (2) national
19 newspapers of general circulation.

Approved,