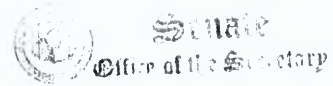


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL 13 P1:18

SENATE
S. No. 495

RECEIVED BY:

Introduced by Senator Loren B. Legarda

**AN ACT
EXEMPTING INCENTIVES, REWARDS, BONUSES, AND OTHER FORMS OF
EMOLUMENTS RECEIVED BY NATIONAL ATHLETES AND COACHES
FROM TAXES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 10699,
OTHERWISE KNOWN AS THE "NATIONAL ATHLETES AND COACHES
BENEFITS AND INCENTIVES ACT"**

EXPLANATORY NOTE

Incentives granted to athletes who competed in local or international sports competitions are exempted from tax under Section 32 (B) (7) (d) of the National Internal Revenue Code (NIRC), which provides that "all prizes and awards granted to athletes in local and international sports competitions and tournaments, whether held in the Philippines or abroad, and sanctioned by their national sports associations are excluded from gross income."

While the rewards received by athletes are exempted from tax pursuant to the abovementioned provision, those received from private companies and individuals are still subject to the six percent (6%) donor's tax if the donation is in excess of P1 million. This means that the properties and cash gifts over P1 million from the private sector will be treated as donations that are subject to a 6% donor's tax.

The historic victory of Hidilyn Diaz in the 2020 Tokyo Olympics paved way for the outpouring of rewards and gifts from the private sector in honor of her excellence and being the pride of the country. To boost the national athletes' motivation in

bringing honor to the country and to encourage more support from the private entities which are considered the government's partners in supporting Filipino athletes, financial incentives and tax breaks should be given to benevolent private entities and individuals who support the national athletes.

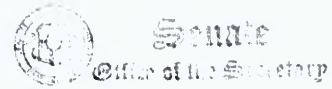
In this regard, this bill seeks to exempt from taxes, fees, and charges the rewards, bonuses, and other forms of emoluments received by national athletes and coaches who compete or win in international sports competitions from both public and private persons or entities.

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



LOREN LEGARDA

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



'22 JUL 13 P1 :19

SENATE
S. No. 495

RECEIVED BY 

Introduced by Senator Loren B. Legarda

**AN ACT
EXEMPTING INCENTIVES, REWARDS, BONUSES, AND OTHER FORMS OF
EMOLUMENTS RECEIVED BY NATIONAL ATHLETES AND COACHES
FROM TAXES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 10699,
OTHERWISE KNOWN AS THE "NATIONAL ATHLETES AND COACHES
BENEFITS AND INCENTIVES ACT"**

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

1 Section 1. *Short Title.* – This Act shall be known as the "*Hidilyn Diaz Act.*"

2 Sec. 2. *Declaration of Principle.* – The State shall give priority to sports to foster
3 patriotism and nationalism, accelerate social progress, and promote total human
4 liberation and development. Towards this end, the State shall look after the welfare of
5 national athletes and coaches by providing benefits and incentives for qualified
6 athletes and coaches who compete or win in international sports competitions and
7 bring honor and recognition to the country.

8 Sec. 3. *New provision.* A new Section, designated as Section 4-A, is hereby
9 inserted in Republic Act No. 10699, otherwise known as the "National Athletes and
10 Coaches Benefits and Incentives Act", to read as follows:

11 **"SEC. 4-A. EXEMPTION FROM TAXES OF INCENTIVES, REWARDS,
12 BONUSES, AND OTHER FORMS OF EMOLUMENTS RECEIVED BY
13 COMPETING OR WINNING NATIONAL ATHLETES AND COACHES. –
14 ALL INCENTIVES, REWARDS, BONUSES AND OTHER FORMS OF
15 EMOLUMENTS, AS WELL AS DONATIONS, GIFTS, ENDOWMENTS
16 AND CONTRIBUTIONS, WHETHER FROM PUBLIC OR PRIVATE**

1 PERSONS OR ENTITIES, RECEIVED BY NATIONAL ATHLETES WHO
2 COMPETE OR WIN IN INTERNATIONAL SPORTS COMPETITIONS AS
3 DEFINED IN THIS ACT, INCLUDING THOSE RECEIVED BY THEIR
4 RESPECTIVE COACHES, SHALL BE EXEMPT FROM ANY AND ALL
5 NATIONAL OR LOCAL TAXES, FEES AND CHARGES, SUBJECT TO
6 RULES AND REGULATIONS TO BE ISSUED BY THE SECRETARY OF
7 FINANCE, AS RECOMMENDED BY THE COMMISSIONER OF
8 INTERNAL REVENUE: PROVIDED, HOWEVER, THAT DONATIONS,
9 GIFTS, ENDOWMENTS AND CONTRIBUTIONS MADE PRIOR TO THE
10 COMPETITION ITSELF AND DIRECTLY AND EXCLUSIVELY USED TO
11 FUND TRAINING AND COMPETITION-RELATED EXPENSES, AS WELL
12 AS INCENTIVES, REWARDS, BONUSES AND OTHER FORMS OF
13 EMOLUMENTS RECEIVED BY COMPETING OR WINNING NATIONAL
14 ATHLETES AND COACHES, SHALL BE CONSIDERED AS ALLOWABLE
15 DEDUCTIONS FROM GROSS INCOME FOR PURPOSES OF
16 COMPUTING THE TAXABLE INCOME OF THE DONOR IN
17 ACCORDANCE WITH THE PROVISIONS OF THE NATIONAL
18 INTERNAL REVENUE CODE OF 1997, AS AMENDED.”

19 “THE EXEMPTION FROM DONOR’S TAX AND DEDUCTIBILITY
20 FROM GROSS INCOME PROVIDED HEREIN MAY BE AVAILED OF
21 WITHIN ONE (1) YEAR BEFORE THE COMMENCEMENT OF THE
22 INTERNATIONAL SPORTS COMPETITION WHERE THE NATIONAL
23 ATHLETE WILL COMPETE IN, AS CERTIFIED BY THE RESPECTIVE
24 BODIES THAT ACCREDITED THEM AND THEIR COACHES, WHICH
25 MAY BE THE PHILIPPINE SPORTS COMMISSION, PHILIPPINE
26 OLYMPIC COMMITTEE, OR THE NATIONAL PARALYMPIC
27 COMMITTEE OF THE PHILIPPINES, AND WITHIN THREE (3) MONTHS
28 AFTER THE INTERNATIONAL SPORTS COMPETITION.”

29 “THE EXEMPTIONS AND PRIVILEGES PROVIDED HEREIN
30 SHALL TAKE EFFECT ON JANUARY 1, 2023 AND SHALL NOT BE
31 AVAILED IN LIEU OF ANY TAX EXEMPTION OR PRIVILEGE GRANTED
32 UNDER EXISTING LAWS.”

1 Sec. 4. *Implementing Rules and Regulations.* - Within thirty (30) days from the
2 effectivity of this Act, the Department of Finance shall, upon recommendation by the
3 Bureau of Internal Revenue, promulgate rules and regulations for the effective
4 implementation of this Act: *Provided,* That failure to promulgate said rules and
5 regulations shall not prevent the implementation of the provisions of this Act.

6 Sec. 5. *Repealing Clause.* - All laws, decrees, executive orders, rules, and
7 regulations or parts thereof which are contrary to or inconsistent with any provisions
8 of this Act are hereby repealed, amended, or modified accordingly.

9 Sec. 6. *Separability Clause.* - If any provision or part of this Act is declared
10 unconstitutional and invalid, the remaining parts or provisions not affected shall
11 remain in full force and effect.

12 Sec. 7. *Effectivity.* - This Act shall take effect after fifteen (15) days following its
13 complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,