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**Honorable LEILA M. DE LIMA**  
Chairperson  
Committee on Social Justice, Welfare  
and Rural Development  
Senate of the Philippines  
Pasay City

Dear **Senator De Lima**:

The Department of Social Welfare and Development (DSWD) **strongly supports Senate Bill No. 380** entitled: An Act Strengthening the Regulation of Social Welfare and Development Agencies or the "**Social Welfare and Development Agencies Act**", which seeks to strengthen the DSWD's regulatory function, set standards, provide benefits and incentives, and monitor the public and private individuals, agencies and organizations engaged in social welfare and development activities.

We wish to inform the Chairperson that this proposed bill is one of the Department's priority legislations for the 18th Congress.

To contribute to the bill's enhancement, we are recommending the following:

1. To add the following Sections, which will be read as follows:

**1.1 Sec. XXX – Tax Exemption**

*"All grants, bequests, endowments, donations, and contribution made to licensed and accredited Social Welfare and Development Agencies (SWDAs) by DSWD to be used actually, directly, and exclusively by the said SWDA shall be exempt from the donor's tax and the same shall be considered as allowable deduction from the gross income of the donor for the purpose of computing a taxable income of the donor in accordance with Chapters II and VII of the provisions of the National Internal Revenue Code of 1997, as amended."*

This provision mandates the DSWD as the endorsing agency to the Department of Finance (DOF) using the Department's accreditation certificate as the basis for the issuance of donee-institution status of the SWDA instead of having a separate accreditation process by the Philippine Council for NGO Certification (PCNC).

**1.2 Sec. XXX – Recommendation to Obtain Donee-Institution Status**

*"The DSWD may recommend or endorse to the Department of Finance (DOF) the conferment of a donee-institution status and the grant of other tax benefits to accredited SWDAs."*

2. On **Sec. 37 – Appropriations**: To include a 2<sup>nd</sup> paragraph which will be read as follows:

***“There shall be created a special purpose fund which shall be earmarked to manage and protect the welfare and rights of the affected beneficiaries immediately, before, during and after the closure of SWDAs.”***

3. General Comments:

- 3.1 This is a **major benefit to licensed and accredited SWDA** because they need not to undergo a separate accreditation process as a donee-institution pursuant to Executive Order No. 720, series of 2008 entitled, *“Establishment of a Government-Nongovernment Partnership in the Accreditation of Donee Institutions Relative to the Tax Deductibility of Charitable Contributions Under Section 34 (H) of the National Internal Revenue Code, as Amended”*.

The said EO Mandated the Philippine Council for NGO Certification (PCNC) as an accrediting entity which certifies NGOs/POs “that meet the established criteria for financial management and accountability”.

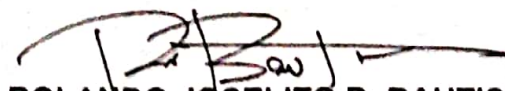
- 3.2 Having a **separate accreditation process from PCNC means another layer of bureaucracy**, entailing added preparation and assessment time, paperwork/documentation and resources. Also, it will require additional cost on the part of the SWDAs because the minimum application fee of PCNC for the accreditation is Php10,000.00.

- 3.3 In light of the implementation of **Republic Act No. 1103** or the **“Ease of Doing Business and Efficient Government Service Delivery Act of 2019”**, we believe that the SWDAs' accreditation conducted by the DSWD is more customer-friendly and sufficient for the DOF certification process of “donee-institution status” of SWDAs.

Attached is a copy of the **DSWD's Official Position Paper in the 17<sup>th</sup> Congress**, which was provided by the DSWD Central Office Records and Archives Management Division to the Senate Committee on Social Justice, Welfare and Rural Development on 13 March 2019 for reference.

For the Committee's consideration.

Very truly yours,

  
**ROLANDO JOSELITO D. BAUTISTA**  
Secretary  
Date: \_\_\_\_\_