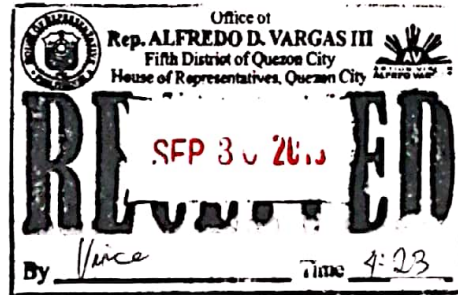


September 25, 2019

Honorable ALFRED D. VARGAS
Representative, 5th District, Quezon City
Rm. RVM-417, House of Representatives
Quezon City



Dear Representative Vargas:

The Department of Social Welfare and Development (DSWD) is grateful to the legislator for introducing and serving as the principal author of House Bill No. 3424 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 regulatory functions, set standards, provide benefits and incentives, and monitor the public and private individuals, agencies, and organizations engaged in social welfare and development activities.

This proposed bill is one of the DSWD’s Priority Legislations since the 15th Congress because this measure paves the way for the protection of beneficiaries against malpractice, abuse, and exploitation by individuals, public and private groups, associations, organizations, and foundations engaged in social welfare and development activities.

Regulation is seen as a strategy to combat corruption by promoting transparency and accountability among Social Welfare and Development Agencies (SWDAs) in relation to their respective donors, beneficiaries, and the general public.

We are also pleased to inform you that provisions on “**Tax Exemption**” and “**Recommendation to Obtain Donee-Institution Status**” were approved by the House of Representatives during the 15th to 17th Congresses. In line with this, the Department is advocating and seeking your support to consider the following comments and recommendation to further enhance the bill.

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

1.1 SEC. XXX – Tax Exemption

“All grants, bequests, endowments, donations, and contribution made to licensed and accredited 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 provisions of the National Internal Revenue Code of 1997, as amended.”

These provisions mandate 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 2nd 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. Other Comments:

- 3.1 This is a **major benefit to licensed and accredited SWDA** because they need not 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 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. 11032 or the ***"Ease of Doing Business and Efficient Government Service Delivery Act of 2018"***, we believe that the SWDA's accreditation conducted by the DSWD is more customer-friendly and sufficient for the DOF certification process of "donee-institutions status" of SWDAs.

Attached is a copy of the **DSWD's Official Position Paper**, which was received by the House Committee on Social Services on September 18, 2019 for reference.

For the Author's information and consideration.

Very truly yours,


ROLANDO JOSELITO D. BAUTISTA
Secretary
Date: _____

Enclosure: As stated