

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eighteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-sixth day of July, two thousand twenty-one.

[REPUBLIC ACT NO. 11635]

AN ACT AMENDING SECTION 27(B) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. Section 27(B) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“(B) Hospitals which are nonprofit and proprietary educational institutions shall pay a tax of ten percent (10%) on their taxable income except those covered by Subsection (D) hereof: *Provided*, That beginning July 1, 2020 until June 30, 2023, the tax rate herein imposed

shall be one percent (1%): *Provided, further,* That if the gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income derived by such educational institutions or hospitals from all sources, the tax prescribed in Subsection (A) hereof shall be imposed on the entire taxable income. For purposes of this Subsection, the term 'unrelated trade, business or other activity' means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. 'Proprietary educational institution' means any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education (DepEd), or the Commission on Higher Education (CHED), or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations."

SEC. 2. *Implementing Rules and Regulations.* - The Department of Finance shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 3. *Separability Clause.* - If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 4. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,


LORD ALLAN JAY Q. VELASCO *Speaker of the House of Representatives*


VICENTE C. SOTTO III *President of the Senate*

This Act was passed by the Senate of the Philippines as Senate Bill No. 2407 on September 27, 2021 and adopted by the House of Representatives as an amendment to House Bill No. 9913 on September 29, 2021.


MARK LIANERO L. MENDOZA
*Secretary General
House of Representatives*


MYRA MARIE D. VILLARICA
Secretary of the Senate

Approved: **DEC 10 2021**


RODRIGO ROA DUTERTE
President of the Philippines



O

