

S. No. 2407
H. No. 9913

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."

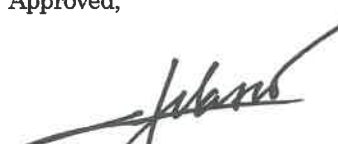
SEC. 2. *Implementing Rules and Regulations.* - The Department of Finance shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.


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 LLANORO 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



Office of the President
MALACANANG RECORDS OFFICE
CERTIFIED COPY


DIRECTOR IV



REPUBLIC OF THE PHILIPPINES
PRRD 2016 - 019400