



Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

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NEDA CIRCULAR No. 01 - mg
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FOR : All Concerned

SUBJECT : Guidelines for the Formulation of, and Issuance of Certification of Inclusion of Programs, Projects and Activities in, the National Priority Plan

Pursuant to Section 34(H)(2)(a) of the National Internal Revenue Code, hereunder are the guidelines to be adopted by NEDA in the formulation of, and issuance of Certification of Inclusion of Programs, Projects and Activities (PPAs) in the National Priority Plan (NPP). These guidelines shall be supplemental to the BIR-NEDA Regulations No. 1-81.

A. Guiding Principles

The National Internal Revenue Code empowers NEDA to determine which donations to programs, projects, and activities (PPA) will entitle the donor to full tax deductibility. In certifying such programs, projects, and activities, NEDA shall be guided by the following:

1. The receipt of donations by the government from the private sector is one mode of mobilizing private sector participation in national development, and the financing of government expenditures. It increases the government's resources to the extent that donations received are used according to the government's expenditure thrusts, thereby freeing public resources for other developmental activities.
2. However, the receipt of donations is not without cost to the government since donors are allowed to claim tax deductions on such donations. The nature and form of the donations could also delimit the government's use of the donated resources.
3. Donors/donations to the PPA in the National Priority Plan (NPP) shall be eligible to full tax deduction.

B. Scope and Coverage of the National Priority Plan (NPP)

1. The NPP shall be a list of PPAs in education, health, youth and sports development, human settlements, science and culture and economic development. It shall specify the activities as appropriate for each project to guide both the donee and the donor in making donations. It shall also specify the authorized donee institutions for each project. The authorized donee institution is a department, bureau, commission, agency, office, or instrumentality of the national government authorized by law or its charter to accept donations or a local government unit (LGU), which proposes the inclusion of PPAs in the NPP. The

authorized donee institution shall also be known as the proponent government agency or local government unit prior to the approval and inclusion of the PPAs in the NPP.

2. Revenue-generating facilities/projects of the government shall be excluded from the NPP.
3. Donations may be in the form of real or personal property, whether tangible or intangible, or mixed, wherever situated, *except* personal services. Donations consisting of technologically obsolete or fully depreciated equipment, supplies and materials, shall not be eligible.
4. Priority shall be accorded to projects which rely largely on donations for maintenance and survival and where Government cannot advance funding due to resource constraints; or those which are necessary for emergency, relief and rehabilitation purposes.

C. Procedure for the Preparation of the National Priority Plan

1. All concerned agencies and political subdivisions of the government shall submit the duly accomplished NEDA Form 1 to NEDA, for PPAs proposed to be included in the NPP not later than the 15th day of October of the year immediately preceding the taxable year when deductions for donations are to be claimed.
2. NEDA Form 1 shall be evaluated to determine that it is complete in form and substance.
3. In case where NEDA Form 1 is not properly accomplished, NEDA shall return the NEDA Form 1 and inform the concerned agency in writing about the revisions which have to be made not later than five (5) days from receipt thereof.
4. The NPP shall be reviewed and revised annually not later than December 31 of each year to reflect changes on the projects included in the current Plan as well as new developments.
5. PPAs are to be deleted from the list (i) when these can no longer be considered priority in relation to the established development thrusts and objectives; or (ii) when they have been completed.
6. Whenever a program or project or any of its activities is to be deleted, the proponent agency shall be informed in writing, copy furnished the Bureau of Internal Revenue (BIR), about the reason/s and the date of effectivity for the deletion.
7. The Director-General shall approve the NPP not later than the 31st of January of each taxable year.
8. Additional PPAs certified by the Director-General as priorities shall form part of the NPP at any time during the taxable year.

D. Procedure for the Issuance of the Certification of Inclusion in the NPP

1. Certification of inclusion in the NPP may be issued for:
 - a. PPA that is included in the NPP but has not yet received any donation; and,
 - b. PPA that is included in the NPP and to which donation has been made prior to inclusion; Provided that the immediately following item no. 2 has been complied with.
2. Requests for certification shall be submitted to NEDA Central Office for evaluation not later than 31 December of the taxable year when donations were made so that approved tax deductions could be claimed during the succeeding year at the time of filing of income tax returns.
3. The proponent government agency shall submit to NEDA the following documents:
 - (i) Letter of request by the proponent agency/LGU addressed to the NEDA Director-General;
 - (ii) Deed of Donation, if donation/s is/are already made;
 - (iii) The appropriate endorsement by the head of the department in the case of attached agencies;
 - (iv) Clearance from the EMB-DENR, where applicable; and,
 - (v) Other necessary documents as may be required.
4. NEDA shall officially accept and evaluate request only when the documentary requirements are complete. In case the documents submitted are incomplete, NEDA shall return and inform the proponent agency/LGU in writing about the same not later than ten (10) calendar days from the receipt thereof.
5. The request shall be evaluated within a period of thirty (30) working days from date of official acceptance.
6. For PPAs with donations, the donee shall submit to NEDA a copy of the written report on the status of donations within three (3) months from date of receipt of donation.
7. For PPAs that are included in the NPP but has yet to receive any donation, the donee shall provide NEDA a status report on the PPA for the purpose provided in Item C, Paragraph 4 of this Circular.

E. NEDA Technical Committee on the National Priority Plan

1. A Technical Committee on the NPP (TC-NPP) shall be created in NEDA to (a) formulate, recommend, review and update the NPP; and, (b) evaluate requests for certification of inclusion in the NPP. The TC-NPP shall have the following composition:

Deputy Director-General	-	Chairperson
Director, National Planning and Policy Staff	-	Vice-Chairperson
Director, Agriculture Staff	-	Member
Director, Information Technology		
Coordination Staff	-	Member
Director, Infrastructure Staff	-	Member
Director, Legal Staff	-	Member
Director, Management Staff	-	Member
Director, Regional Development Coordination Staff	-	Member
Director, Social Development Staff	-	Member
Director, Trade, Industry and Utilities Staff	-	Member

The Chairperson shall be designated by the Director-General. The concerned members may designate their respective alternate in the TC-NPP.

2. The TC-NPP shall be supported by the Legal Staff as the Secretariat
3. The TC-NPP shall meet every third week of the month or as often as may be necessary.

F. Role of Staffs

1. Secretariat - The Legal Staff as the Secretariat shall have the following functions for the NPP Preparation and Requests for Certification:
 - a. Officially accept requests for inclusion in the NPP when documents submitted by proponent agencies are complete;
 - b. Refer such requests to the concerned sector staff or regional office for LGU/region-specific proposals, for evaluation upon receipt of complete documents;
 - c. Endorse sector staff's/regional office's evaluation to TCC-NPP for deliberation;
 - d. Transmit TCC-NPP recommendations on requests evaluated to the Director-General;
 - e. Include the PPAs approved by the Director-General in the NPP;
 - f. Prepare the certification to be signed by the Director-General that a PPA has been approved for inclusion in the NPP;
 - g. Assist the TCC-NPP in the annual review and revision of the NPP; and,
 - h. Serve as repository of documents related to NPP;
 - i. Inform proponent agencies/LGUs on the status of their requests;
2. Sector Staffs/Regional Offices – The sector staffs and the regional offices for LGU/region-specific proposals shall perform the following roles:
 - a. Evaluate proposals referred to by the Secretariat;

- b. Facilitate the concerned RDC endorsement of LGU/region specific proposals;
- c. Provide technical assistance in the annual review and revision of the NPP; and,
- d. Coordinate with the Secretariat, other sector staffs/regional offices, and proponent agencies as needed on matters pertaining to the NPP or request for inclusion and/or certification.

G. Certificate of Donation

All authorized donee institutions are required to furnish NEDA a certificate of donation in such form as may be prescribed by the BIR, on every donation they receive within the following period:

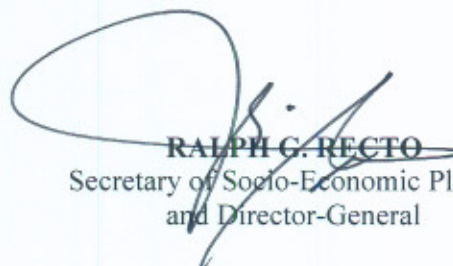
- a. For PPAs that are already included in the NPP, the certificate of donation shall be submitted to NEDA within thirty (30) days after the receipt of donation.
- b. For PPAs that are proposed for inclusion in the NPP and to which donation has already been made, the certificate of donation shall be submitted to NEDA within fifteen (15) days after accomplishment of said certificate.

H. Amendments

The NEDA reserves the right to make future amendments, modifications, revisions or supplements to these guidelines consistent with existing laws, rules and regulations. However, no such revision, amendment or modification shall be effective unless approved by the Director-General.

I. Effectivity

This Circular shall take effect immediately.


RALPH G. RECTO
Secretary of Socio-Economic Planning
and Director-General