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REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 595

Introduced by REP. FRANCIS G. ESCUDERO

EXPLANATORY NOTE

Education plays a significant role in national development. There is therefore a need to continuously upgrade the standards of education so that it is always in tune with the state of the art in education

The government alone cannot single handedly upgrade the standards of education. To accelerate the pace of our educational development, the government needs the active assistance of other sectors of society. Although, others have been extending their help to our educational institutions, this has not been fully realized because of the limitations and inadequate incentives available under existing laws.

Non-profit and non-stock educational institutions have the benefit of tax exemption as enshrined in the 1987 Constitution. But these privileges are not sufficient to augment the operational needs, as well as, the development and upgrading of the school facilities. Worsening economic conditions and the rapid strides in the development of technology has made it difficult for non-profit and non-stock educational institutions with their limited resources, to cope with the prevailing trend.

The Bill seeks to encourage the full support of the non-government sector of our society and to provide the much needed relief to the non-profit and non-stock educational institutions. Existing laws grant limited tax-exemption to donations, grants, gifts or contributions to non-stock and non-profit educational institutions. To further solicit the active support of this sector to our educational institutions and its programs, this measure grants

FULL TAX EXEMPTION and TAX CREDITS to willing benefactors. By widening the incentives, the private sector can lend their unfailing support to our educational institutions and programs towards the achievement of our national goal of full development.

In consideration of the above premises, the immediate approval of this Bill is earnestly sought.



FRANCIS G. ESCUDERO

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AN ACT
EXEMPTING FROM TAXATION ALL DONATIONS, GRANTS OR GIFTS TO NON-STOCK AND NON-PROFIT EDUCATIONAL INSTITUTIONS

Be it enacted by SENATE and HOUSE OF REPRESENTATIVES of the Philippines in Congress assembled:

SECTION 1. *Declaration of Policy.* - It is the policy of the State to encourage the participation of every member of the society towards the development of our education through voluntary sharing of resources.

SECTION 2. Notwithstanding any provision of law to the contrary, all monetary contributions and the equivalent monetary value of properties donated, granted or bestowed to non-stock and non-profit institutions are tax-exempt and deductible from the taxable income of the donor: *Provided,* That such donations, grants, endowments or contributions shall be used actually, directly, and exclusively for the primary educational purposes of

the recipient: *Provided, further*, That not more than twenty-five (25) percent of the donations, grants, endowments or contributions shall be used for administrative purposes.

SECTION 3. For the purposes of this Act, the equivalent monetary value of properties donated, granted, endowed or contributed shall be the prevailing fair market value of the property as determined by the Secretary of Finance and approved by the Bureau of Internal Revenue.

SECTION 4. All laws inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 5. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) national newspaper of general circulation whichever comes earlier.

Approved,