

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

13<sup>th</sup> Congress

First Regular Session

HOUSE BILL NO. 1958



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Introduced by **HONORABLE ROLEX T. SUPLICO**

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**EXPLANATORY NOTE**

This bill seeks to exempt educational services of private educational institutions accredited by the Technical Education and Skills Development Authority (TESDA) from the value-added tax.

TESDA was created under Republic Act No. 7796. Under the said law, TESDA replaced and absorbed the Bureau of Technical and Vocational Education and the personnel and functions pertaining to technical-vocational education in the regional offices of DECS, the National Manpower and Youth Council, and the apprenticeship program of the Bureau of Local Employment of the Department of Labor and Employment.

The creation of TESDA was part of a broad agenda for reforms in the country's educational system outlined by the Congressional Commission on Education. Part of the reform is the trifocalization of the education sector with three governing bodies: the Department of Education (DepED) for primary and secondary education, the Commission on Higher Education (CHED) for tertiary and graduate education and the TESDA for technical-vocational and middle level education.

I believe that there was an oversight by Congress when it passed the Tax Reform Act of 1997 without mentioning TESDA as one of the three government agencies responsible for the accreditation of education institutions – thus depriving private technical-vocational schools from VAT exemption, a privilege they enjoyed before. I believe that the spirit and intent of the law is to give VAT exemption to all educational institutions offering primary, secondary, tertiary/graduate and technical-vocational education. To exclude private technical-vocational schools from VAT exemption is discriminatory, unjust and anti-poor.

The bill then seeks to correct the error, and to give justice to the pro-poor programs of government.

I therefore earnestly pray for the approval of this bill.

  
**HON. ROLEX T. SUPLICO**  
Congressman, 5<sup>th</sup> District of Iloilo

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**AN ACT**  
**FURTHER AMENDING SECTION 109 (m) OF THE NATIONAL INTERNAL**  
**REVENUE CODE, AS AMENDED**

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

SECTION 1. Section 109 (m) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“SEC. 109. *Exempt Transactions.* – the following shall be exempt from the value-added tax:

X        X        X

“(m) Educational services by private educational institutions, duly accredited by the Department of Education, Culture and Sports (DECS)] (DepED), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA) and the Commission on Higher Education (CHED), and those rendered by government educational institutions.”

SEC. 2. Educational services by TESDA- accredited private educational institutions from 1998 onwards shall be exempt from the value-added tax.

SEC. 3. This Act shall take effect upon approval.

Approved,