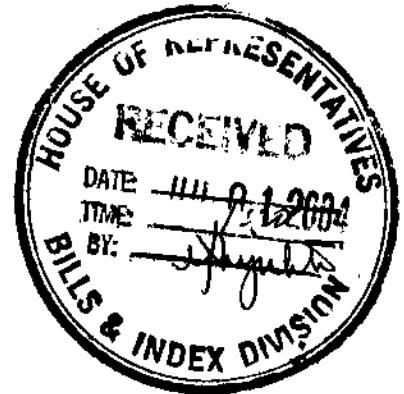


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

13th Congress
First Regular Session

HOUSE BILL NO. 269



Introduced by the **HON. MICHAEL JOHN "JACK" R. DUAVIT**

EXPLANATORY NOTE

Over the past decades the National Government has pumped in Billions of our resources into our public education system. Unfortunately, despite all of our efforts to provide quality free education to our citizenry, a great number of our citizens, children and adults alike are, due to financial constraints of the family unit, unable to make the step to tertiary and vocational education after graduation from High School. The same constraints are keeping the myriad undergraduate degree holders from pursuing higher education thus hampering career advancement and the general improvement of our work force.

We are fully aware that the National Government can not afford to expand free education to cover higher education. We, however, believe that through this proposed amendments to R.A. 8424, otherwise known as the "Tax Reform Act of 1997", this Congress can help cushion the heavy monetary requirements of pursuing higher and technical education by making a portion of tuition fees paid as additional exemption for individual taxpayers and their qualified dependents. The savings can be used by those qualified for other necessities such as transportation, food, and school supplies, as well as other miscellaneous fees charged by institutions throughout the country.

Realizing that there is a dire need to be prudent while engaged in the act of handing out such incentives, this bill limits the eligibility of taxpayers in a way consistent with the rest of RA 8424, as well as with the constitutional mandate requiring taxation to be equitable.

Finally, this bill will serve as an incentive for the individual

taxpayer to invest, as the government has, in himself and his offsprings. When these individuals do this, it is most likely that in due time, the government will be able to recoup the initial loss of potential income, through income taxes from the institutions and from the future graduates themselves.

In consideration of the foregoing, the early approval of this bill is fervently sought.



MICHAEL JOHN "JACK" R. DUAVIT

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HOUSE BILL NO. 269

Introduced by the **HON. MICHAEL JOHN "JACK" R. DUAVIT**

AN ACT
AMENDING REPUBLIC ACT NUMBERED EIGHTY FOUR HUNDRED
AND TWENTY FOUR, AS AMENDED, OTHERWISE KNOWN AS THE
"TAX REFORM ACT OF 1997", AND FOR OTHER PURPOSES.

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

SECTION 1. Chapter VII, Section 35 of Republic Act No. 8424, as amended, otherwise known as the Tax Reform Act of 1997, is hereby further amended to read as follows:

CHAPTER VII - ALLOWABLE DEDUCTIONS

x x x

SEC. 35. Allowance of Personal Exemption for Individual Taxpayer. -

x x x

(C) ADDITIONAL EXEMPTIONS FOR INDIVIDUAL TAXPAYER AND QUALIFIED DEPENDENTS.

(1) EXEMPTION OF INDIVIDUAL TAXPAYER ENROLLED IN AN EDUCATIONAL INSTITUTION. - IN COMPUTING THE TAXABLE INCOME OF A FILIPINO TAXPAYER, REGARDLESS OF WHETHER OR NOT HE IS A COMPENSATION EARNER, IS ENGAGED IN BUSINESS OR TRADE, OR IN THE PRACTICE OF A PROFESSION, THERE



SHALL BE ALLOWED A DEDUCTION IN HIS GROSS INCOME CONSISTING OF TWENTY (20%) OF THE TOTAL AMOUNT PAID BY THE TAXPAYER FOR MATRICULATION FEE FOR THE PRECEDING YEAR, WHETHER PAID DIRECTLY TO THE INSTITUTION OR THROUGH A PRE-NEED COMPANY, WHICH DEDUCTION SHALL IN NO CASE EXCEED THE AMOUNT OF TWENTY FIVE THOUSAND PESOS (P25,000.00), SUBJECT TO THE FOLLOWING CONDITIONS:

- (a) THE TAXPAYER IS OFFICIALLY ENROLLED DURING THE PRECEDING SCHOOL YEAR IN A STATE COLLEGE OR UNIVERSITY OR IN AN EDUCATIONAL INSTITUTION DULY RECOGNIZED BY THE COMMISSION ON HIGHER EDUCATION (CHED), AND THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA);
- (b) THE TAXPAYER IS OFFICIALLY ENROLLED IN A VOCATIONAL OR TERTIARY COURSE, POST GRADUATE STUDIES INCLUDED; AND
- (c) THE ANNUAL INCOME OF THE TAXPAYER SHALL NOT EXCEED THREE HUNDRED THOUSAND PESOS (P300,000.00).

- (2) EXEMPTION FROM MATRICULATION OF QUALIFIED DEPENDENT CHILDREN NOT EXCEEDING FOUR (4). - IN COMPUTING THE TAXABLE INCOME OF A FILIPINO TAXPAYER, REGARDLESS OF WHETHER OR NOT HE IS A COMPENSATION EARNER, IS ENGAGED IN BUSINESS OR TRADE, OR IN THE PRACTICE OF PROFESSION, THERE SHALL BE ALLOWED A DEDUCTION IN HIS GROSS INCOME CONSISTING OF TWENTY FIVE PERCENT (25%) OF THE TOTAL AMOUNT PAID BY THE TAXPAYER AS MATRICULATION FEE FOR THE EDUCATION OF HIS CHILDREN, NOT EXCEEDING FOUR (4) FOR THE PRECEDING SCHOOL YEAR, WHETHER PAID DIRECTLY TO THE INSTITUTION OR THROUGH A PRE-NEED COMPANY, WHICH DEDUCTION SHALL IN NO CASE EXCEED THE TOTAL AMOUNT OF FIFTY THOUSAND PESOS (P50,000.00), SUBJECT TO THE FOLLOWING CONDITIONS:

- (a) THE INDIVIDUAL TAXPAYER MUST HAVE OFFICIALLY ENROLLED HIS QUALIFIED DEPENDENT CHILDREN IN ANY OF THE STATE COLLEGES AND UNIVERSITIES; AND/OR PRIVATE SCHOOLS DULY RECOGNIZED AND

- ACCREDITED BY THE DEPARTMENT OF EDUCATION (DepEd), THE COMMISSION ON HIGHER EDUCATION (CHED) AND THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA);
- (b) THE CHILDREN MUST BE SINGLE AT THE TIME OF THEIR ENROLLMENT;
 - (c) THE CHILDREN ARE OFFICIALLY ENROLLED IN EITHER VOCATIONAL OR TERTIARY LEVELS BUT ARE NOT TAKING POST-GRADUATE STUDIES; AND
 - (d) THE ANNUAL INCOME OF THE TAXPAYER DOES NOT EXCEED THREE HUNDRED FIFTY THOUSAND PESOS (P350,000).

(D) CHANGE OF STATUS. -

x x x

(E) PERSONAL EXEMPTION ALLOWABLE TO NONRESIDENT ALIEN INDIVIDUAL. -

x x x

SECTION 2. At the end of every fiscal year, the Department of Education, the Department of Finance, the Commission on Higher Education and the Technical Education and Skills Development Authority shall submit an annual report to the Senate and the House of Representatives. Said report shall contain, but shall not be limited to, among others, the status of the implementation of this Act; the amount of deductions claimed; and the number of taxpayers who availed of the deductions under this Act.

SECTION 3. Within forty five (45) days from the effectivity of this Act, the Secretary of Finance, the Secretary of Education, the Chairman of the Commission on Higher Education and the Technical Education and Skills Development Authority shall, after consultation with the affected parties, promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 4. If, for any reason, any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 5. This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspaper of general circulation.

Approved,