

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 981

Introduced by REP. AUGUSTO BOBOY SYJUCO, Ph. D.

EXPLANATORY NOTE

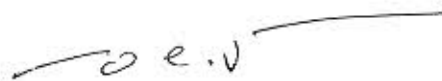
Education assumes a significant role in the national development. In recognition of this fact, the present impetus of our educational development is to uplift the standards of education and to ease the problems perennially besetting our educational institutions.

The government alone cannot assume a solitary role towards the rapid realization of our national objectives. To accelerate the pace of our educational development, the government needs the active assistance of the other sectors of the society. Although the other sectors of society have been extending their help to our educational institutions, this has not been fully utilized because of the limitations and inadequate incentives available under existing laws.

Non-profit and non-stock educational institutions have the benefit of tax-exemptions 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 school facilities. Worsening economic conditions and the rapid strides in the development of technology have made it difficult for non-profit and non-stock educational institutions with their limited resources, to cope with the prevailing trend.

This 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-stock and the non-profit 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 the non-government sector to our educational institution and programs, this bill 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 early approval of this bill is earnestly sought.



AUGUSTO BOBOY SYJUCO, Ph. D.
2nd District, Province of Iloilo

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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 the Senate and House of Representatives of the Philippines in
Congress assembled:*

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

SEC. 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 educational 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 percent (25%) of the donations, grants, endowments or contributions shall be used for administrative purposes.

SEC. 3. For 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.

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

SEC. 5. This Act shall take effect upon its publication in at least two (2) national newspapers of general circulation.

Approved.