

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

FIFTEENTH CONGRESS
Second Regular Session

House Bill No. 5132



Introduced by HON. LINABELLE RUTH R. VILLARICA
4TH DISTRICT, BULACAN

EXPLANATORY NOTE

The standard of education must be consistently upgraded to conform with national development goals. This should be the guidepost in the implementation of the State policy of delivery of quality education at the grassroots.

Presently, however, as the State routinely performs its task of complying with the constitutional requirement of bringing quality education to our students, this can be amply augmented by involving the private sector in this endeavor. While non-stock, non-profit educational institutions are already enjoying tax exemptions, the present incentives are deemed insufficient to address operational requirements. This is also aggravated by the deteriorating economic conditions as well as the rapid leaps of technological developments.

This proposed bill seeks to encourage full support of non-stock, non-profit educational institutions by granting them full tax exemptions and deductions from the taxable income for donations, grants, endowments or contributions used actually, directly and exclusively for the primary educational purposes of the recipient.

Support for the enactment of this measure is earnestly requested.

A handwritten signature in cursive script, appearing to read "L. Villarica".

REP. LINABELLE RUTH R. VILLARICA

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

Be it enacted by the 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.

SEC. 2. *Tax Exemption.* - Notwithstanding any provision of law to the contrary, all monetary contributions and 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 thirty per cent (30%) of the donations, grants, endowments or contributions shall be used for administrative purposes.

SEC. 3. *Valuation.* - 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. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or parts thereof, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 5. *Separability Clause.* - If, for any reason, any provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 6. *Effectivity Clause.* - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,