

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5065



Introduced by **HON. GUS S. TAMBUNTING**

AN ACT
EXEMPTING EDUCATIONAL APPLICATIONS, GADGETS, COMPUTERS, AND E-BOOKS FROM
VALUE-ADDED TAX FOR THE PRINCIPAL USE OF TEACHERS AND STUDENTS IN ONLINE AND
DISTANT LEARNING, AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

COVID-19 brought about numerous difficulties to our learning institutions. Before the implementation of blended learning (which is a fusion of "online distant learning or e-learning" and "in-person" delivery of learning modules and interactive facilities to the homes of the students), educators and students barely manage to work around the many shortcomings of the system such as the inadequate learning materials and facilities, grossly oversized classes, among others. However, with the shift to blended learning due to the pandemic, educators and students bear more burden as online distant learning necessitates more resources—not only from the institution's end but from the teachers' and students' ends. Teachers are required to have a laptop or desktop so that they may be able to hold synchronous classes and prepare digital educational materials for students. As for students, they will need a device to attend classes and participate in activities. Whilst learning institutions addressed the issue of students not having a device to access online classes by allowing them to self-study learning modules, it is a fact that without a device (and consequently the guidance of a teacher) the quality of learning decreases.

Truly, the efforts of the Department of Education, Commission on Higher Education, and learning institutions to provide for the continued learning of students despite the pandemic are laudable. However, the inaccessibility of quality education remains to be a problem, especially for students from poor families who will have to fend for their own as they do not have access to essential tools and technologies for learning.

It is then the responsibility of the State to ensure that technologies essential for quality learning are made more accessible to ensure that the education of students is unhampered. This measure aims to exempt the sale of educational apps, e-books, and learning devices from value-added tax, to significantly reduce the prices of these and make these essential tools for learning more obtainable for students from poor families.

On behalf of the people of Parañaque City's Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.


REP. GUS S. TAMBUNTING
2nd District, Parañaque City

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

SECTION 1. Section 109 (1) of the National Internal Revenue Code of 1997, as 2 amended, is hereby further amended to read as follows:

SEC. 109. Exempt Transactions. –

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

XXX

"(R) Sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of paid advertisements;

"(S) SALE OF E-BOOKS, E-LEARNING APPLICATIONS, GADGETS AND COMPUTERS FOR THE PRINCIPAL USE OF TEACHERS AND STUDENTS IN ONLINE AND DISTANT LEARNING;

"(T[S]) xxx;

"(U[T]) xxx;

"xxx"; and

"(CC[BB])".

Sec. 2. Implementing Rules and Regulations. – The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation, in consultation with the Department of Education, Commission on Higher Education and other necessary stakeholders.

Sec. 3. Repealing Clause. – All laws, decrees, letters of instruction, resolutions, orders, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, modified, or amended accordingly.

Sec. 4. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or two (2) newspapers of general circulation.

Approved,