

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19th CONGRESS
First Regular Session

HOUSE BILL NO. 5198



Introduced by. **REP. JUAN CARLOS "ARJO" ATAYDE**

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 DISTANCE LEARNING,
AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

The Constitution, Art. II, Sec. 17 provides that "[t]he State shall give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development."

The COVID-19 pandemic has affected us in many ways. Many families lost loved ones and many industries were affected if not obliterated by the quarantine and lockdowns. Our education sector was not exempted.

The inability to hold classes has led to many schools being shut down. Those that survived had to persevere using online and distance learning modes of instruction.

From the point of view of the student and their family, access to computers, tablets, and similar gadgets for online learning are their only hope to keep up with the ever-changing world.

Many families with limited income had to share their gadgets among their children leading to many being severely disadvantaged in school.

This measure seeks to somehow ease the burden to the families of procuring the gadgets necessary for e-learning and distance education, by exempting these gadgets from value-added tax.

This is an investment for our future with the hope that, with a seemingly permanent adoption of e-learning and distance education as part of our education program, our students will be able to cope and compete with the rest of the world despite the challenges presented by the COVID-19 pandemic.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



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

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

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

9 *SEC. 109. Exempt Transactions. —*

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

12 xxx

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

1
2 **"(S) SALE OF E-BOOKS, E-LEARNING APPLICATIONS, GADGET**
3 **AND COMPUTERS FOR THE PRINCIPAL USE OF TEACHERS**
4 **AND STUDENTS IN ONLINE AND DISTANCE LEARNING;**

5 "(T[S]) xxx;

6 "(U[T]) xxx;

7 "xxx"; and

8 "(CC[BB])".

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

14 SEC. 3. *Repealing Clause.* - The provisions of other laws, decrees, executive
15 orders, rules and regulations inconsistent with this Act are hereby repealed, amended
16 or modified accordingly.

17 SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its
18 publication in the Official Gazette or in at least two (2) national newspapers of general
19 circulation.

20 *Approved*