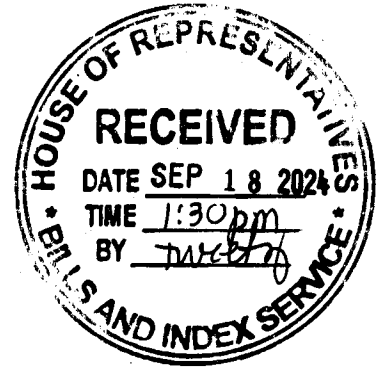




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



Nineteenth Congress
3rd Regular Session
HOUSE BILL NO. **10939**

Introduced by Rep. Ricardo T. Kho and Rep. Olga “Ara” T. Kho

EXPLANATORY NOTE

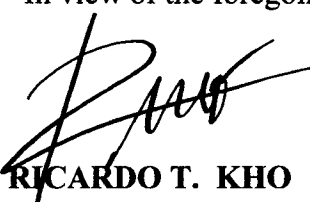
This bill seeks to grant income tax incentive to private persons or entities that employ graduates from technical-vocational institutions operated or accredited by Technical Education and Skills Development Authority (TESDA).

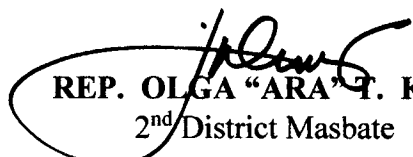
Technical-Vocational Education and Training (TVET) fills the gap in the labor market by capacitating individuals to have better career opportunities. As an important driver of economic growth, TVET was given more support by the government through the passage of Republic Act (RA) No. 10931, otherwise known as the “*Universal Access to Quality Tertiary Education Act*”, which provides free tuition and other school fees to, among others, state-run technical-vocational institutions. While the law enables greater access to TVET, it does not guarantee better industry engagement. Employability and lack of job opportunities remain a problem for TVET graduates.

Republic Act No. 7796, otherwise known as the “*TESDA Act of 1994*”, provides for the development and administration of appropriate incentive schemes to encourage government and private industries and institutions to provide high-quality technical education and skills development opportunities. It does not provide for an incentive scheme for private persons or entities that employ TESDA graduates.

This bill aims to encourage the active participation of private persons or entities in promoting the welfare of TESDA graduates, and to ensure gainful employment for qualified TESDA graduates by granting income tax incentive to private persons or entities that employ TESDA graduates.

In view of the foregoing, approval of this bill is earnestly sought.


REP. RICARDO T. KHO
1st District Masbate


REP. OLGA “ARA” T. KHO
2nd District Masbate



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Nineteenth Congress
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HOUSE BILL NO. **10939**

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AN ACT
GRANTING INCOME TAX INCENTIVE TO PRIVATE PERSONS OR ENTITIES
THAT EMPLOY NC-II GRADUATES FROM TECHNICAL VOCATIONAL
INSTITUTIONS OPERATED OR ACCREDITED BY TECHNICAL EDUCATION
AND SKILLS DEVELOPMENT AUTHORITY, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7796, OTHERWISE KNOWN AS THE “TESDA ACT OF 1994”

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

SECTION 1. Section 27 of Republic Act No. 7796, otherwise known as the “*TESDA Act of 1994*”, is hereby amended to read as follows:

“SEC. 27. *Incentives Schemes.* – The Authority shall develop and administer appropriate incentive schemes to encourage government and private industries and institutions to provide high-quality technical education and skills development opportunities.

“PRIVATE PERSONS OR ENTITIES THAT EMPLOY TESDA NC-II GRADUATES WHO MEET THE REQUIRED SKILLS OR QUALIFICATIONS, EITHER AS REGULAR EMPLOYEE OR APPRENTICE, IS ENTITLED TO AN ADDITIONAL DEDUCTION FROM THEIR GROSS INCOME, EQUIVALENT TO TWENTY-FIVE PERCENT (25%) OF THE TOTAL AMOUNT PAID AS GROSS

**SALARIES AND WAGES TO THEIR EMPLOYEES WHO ARE
TESDA NC-II GRADUATES: *PROVIDED*, THAT SUCH PERSONS
OR ENTITIES MUST PRESENT PROOF, AS CERTIFIED BY TESDA,
THAT THE TESDA GRADUATES ARE UNDER THEIR EMPLOY.”**

SEC. 2. All laws, executive orders, issuances, rules and regulations, or parts thereof inconsistent with the provisions of this Act are repealed or modified accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,