

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. **3201**

Introduced by Representative **MARLYN L. PRIMICIAS-AGABAS**

EXPLANATORY NOTE

Taxes are the lifeblood of the government. Without them, the State cannot sustain its existence, carry out its essential functions, or deliver the basic services necessary for the welfare of the people. This principle is enshrined in Philippine jurisprudence, notably in *Commissioner of Internal Revenue v. Algue, Inc.* (G.R. No. L-28896, February 17, 1988), where the Supreme Court emphasized that taxes are the price we pay for a civilized society. Despite their critical role in national development, public awareness and understanding of taxation in the Philippines remain dismally low—particularly among the youth and first-time taxpayers.

The familiar adage that nothing is certain except death and taxes has persisted across generations because it reflects two inevitable realities. Yet, while people generally accept death as part of life and even prepare for it, paying taxes is often met with reluctance, skepticism, or outright avoidance. Ironically, taxation precedes even death, as the obligation to pay taxes spans one's lifetime and may even continue through estate taxes after death. This widespread aversion to paying taxes highlights the need to address the root cause of poor tax compliance: the lack of a strong culture of tax literacy and civic responsibility.

Many Filipinos view taxes as a burden rather than a civic duty, a perception often fueled by allegations of corruption, inefficiencies in public spending, and a lack of transparency in governance. There are also those who openly evade taxes yet expect to benefit from public services funded by the very contributions they avoid making. These attitudes reflect a broader systemic issue: the failure to integrate tax education into the formative years of learning, when civic values and national consciousness are first developed.

This bill seeks to address this deficiency by institutionalizing tax education in both the formal and informal education systems. It proposes a structured, age-appropriate, and progressive approach to teaching taxation from the elementary level up to college, to help young Filipinos understand that paying taxes is not merely a legal obligation but a moral and civic responsibility. By embedding tax education into the curriculum, students will be equipped with foundational knowledge of the tax system, its role in national development, and its importance in sustaining essential government services such as healthcare, education, infrastructure, and social protection.

International experience strongly supports this initiative. According to the Organization for Economic Co-operation and Development (OECD), taxpayer education plays a central role in promoting voluntary compliance and improving tax morale, especially in developing countries. In its report *Building a Tax Culture, Compliance and Citizenship*, the OECD evaluated 140 taxpayer education initiatives across 59 countries and found that over 80% led to improvements in tax morale. The report concluded that increasing tax literacy directly contributes to building a responsible and participatory tax culture, where citizens recognize the tangible impact of taxes on their daily lives and become more

engaged in demanding accountability from government.

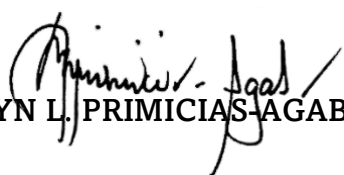
In a country like the Philippines, where tax evasion and low morale continue to undermine fiscal stability, instilling a strong taxpaying culture from a young age is not only practical but imperative. The COVID-19 pandemic further magnified the importance of sufficient public revenues, as governments were called upon to deliver urgent social services and medical interventions—responses made possible only through the support of taxpayers. In times of crisis and recovery alike, the nation’s ability to function rests on a citizenry that understands and fulfills its tax obligations.

While penalties, audits, and other enforcement mechanisms remain necessary, the cornerstone of any sustainable and effective tax system is voluntary compliance. Such compliance is more likely when citizens are tax-literate and see the connection between their contributions and the public benefits they receive. Educating the youth about the structure of the tax system, the responsibilities of taxpayers, the consequences of tax evasion, and the reciprocal relationship between citizens and the State will ultimately help produce a generation that values honesty, accountability, and civic engagement.

Academic studies reinforce this view. In one such study, *The Imperative of Basic Tax Education for Citizens*, published by the American Journal of Business Education, it was found that students who are educated about taxation are more likely to become compliant and responsible taxpayers, reducing the need for costly enforcement. By fostering early awareness of the importance of taxes, the government can reduce tax avoidance, improve collection, and strengthen trust between the public and state institutions.

Through this proposed measure, students will not only understand the technical aspects of taxation but also internalize the broader democratic principle that taxation is a shared social responsibility. With proper education, citizens are more likely to pay their taxes on time and in full, while also actively participating in governance by holding public officials accountable for the use of public funds.

In sum, this bill aims to institutionalize tax education to strengthen public understanding of taxation, enhance voluntary compliance, and build a culture of responsible citizenship. It envisions a future where paying taxes is not feared or avoided but embraced as a meaningful contribution to nation-building. The timely and decisive passage of this bill is, therefore, earnestly sought.


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AN ACT
MANDATING THE TEACHING OF TAX LITERACY, CONSCIOUSNESS
AND RESPONSIBILITY IN INTERMEDIATE, SECONDARY, TECHNICAL-
VOCATIONAL, AND TERTIARY EDUCATION

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

SECTION 1. Short Title. - This Act shall be known as the "Tax Consciousness and Responsibility Act".

SECTION 2. Declaration of Policy. - It is a constitutionally declared policy of the State to "promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, rising standard of living, and improved quality of life for all." Toward this end, the State shall responsively and responsibly exercise its inherent power of taxation to mobilize resources for the common good.

Corollary to this, the State shall also inculcate in its citizens the overriding importance of regularly and promptly paying the correct amount of taxes. To this end, an age-appropriate curriculum shall be included in intermediate, secondary, technical-vocational, and tertiary education in both public and private schools, colleges, and universities for the teaching of the importance of taxes as the lifeblood of the nation and tax consciousness and responsibility of every taxpayer.

Through education, to which is assigned the highest budgetary priority, the State shall instill in the youth the citizens' patriotic duty to pay promptly the correct amount of taxes as the citizens' valuable contribution to economic development and nation-building.

SECTION 3. Definition of Terms. - For purposes of this Act, the following terms shall be defined as follows:

(a) *Tax* is a monetary contribution levied on individuals or firms/corporations by a government entity whether local or national to finance government activities and services to the people.

(b) *Tax Compliance* refers to the ability and willingness of taxpayers to comply with the tax laws, declare the correct income for each year, and pay the right amount of taxes on time.

(c) *Tax Consciousness* is the awareness and understanding of the concept of taxation and the importance of paying taxes on time.

(d) *Tax Education* is the inclusion of tax related lessons/courses in the curricula of educational institutions aimed at instilling tax consciousness, literacy, and compliance as a civic duty or social responsibility.

(e) *Tax Literacy* pertains to the ability to know and understand the tax concepts, laws and related issues, and be updated on developments on tax and taxation.

(f) *Tax Morale* is the intrinsic motivation to pay taxes, it measures taxpayer perceptions, judgments, and attitudes towards paying or evading taxes.

(g) *Tax Return* is a form filed with the tax authority on which the taxpayer states his/her income, expenses and other tax information.

(h) *Taxation* is the power of the State to levy charges or burdens upon persons, property or property rights for the use, operation and support of the government to enable it to discharge its functions.

(i) *Voluntary Tax Compliance* refers to the ability and willingness of taxpayers to file and report honest and accurate annual returns without proactive action by the government.

SECTION 4. Mandatory Tax Education. - The State shall provide for the mandatory teaching of tax literacy; instilling tax consciousness, compliance, and responsibility; and improving tax morale, as defined in the preceding Section 3 of this Act as a civic duty or social responsibility in all intermediate and secondary education classes as well as in all graduating classes in technical-vocational and tertiary education in both public and private schools, colleges, and universities.

SECTION 5. Mandate of the Department of Education. – The Department of Education (DepEd) is mandated to prepare age-appropriate tax education curriculum and modules, in coordination with the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA) and in consultation with the Bureau of Internal Revenue (BIR); the Bureau of Customs (BoC); recognized tax experts, lawyers, and academicians; and local and national youth organizations: Provided, That private educational institutions shall adopt these curriculums and modules or modify them so long as that the curriculums or modules they craft remain in accord with the objectives of this Act: Provided, Further, That the DepEd shall take full responsibility for the strict, effective, and sustained implementation of the tax education curriculum and modules.

SECTION 6. Subjects for Instruction. - The following subjects, among others, shall be included in the curriculum:

(a) History of taxation.

(b) Importance of taxation for national and local development and delivery of basic social and economic services.

(c) Tax literacy and consciousness as a civic duty.

(d) Facets and kinds of national and local taxes.

(e) Regular, prompt, and correct payment of taxes as a citizen's duty, responsibility, and obligation.

(f) The obligation of the State to pay back to the people the taxes they have

contributed; and

(g) The right of citizens to demand accountability and good governance.

SECTION 7. Tax Consciousness Week. ~ The observance of the "Tax Consciousness Week" on the first week of April of every year as declared under Proclamation 960, s. of 1972 shall be heightened. Week-long activities shall be conducted under the auspices of the DoF in collaboration with relevant government agencies and private entities, notably educational institutions and the print, broadcast, social and web media.

SECTION 8. Complementary Role of Parents. - Consistent with the constitutional recognition of the "natural and primary rights and duty of parents in the rearing of the youth for civic efficiency and the development of moral character", parents should instill tax consciousness in their children at the appropriate age.

SECTION 9. Inculcation of Tax Consciousness in Youth Development Plans. - Inculcation of tax consciousness, literacy and compliance shall be included in the Philippine Youth Development Plan and the Local Youth Development Plans of the Sangguniang Kabataan (SK) councils and the Local Youth Development Councils (LYDCs).

SECTION 10. Tax Education Committee. - A Tax Education Committee is hereby created to monitor and ensure the full and strict implementation of this Act. The Committee shall be headed by the DepEd Secretary as Chairperson, the DoF secretary as Co-chairperson, and the CHED Chairperson, TESDA Director-General, and the Chairperson and Chief Executive Officer of the National Youth Commission (NYC) as members. It shall initially be convened within fifteen (15) days of the effectiveness of this Act. The Committee shall submit an annual report on the implementation of the Act to the Office of the President of the Senate and the Office of the Speaker of the House of Representatives.

SECTION 11. Implementing Rules and Regulations. - DepEd, in coordination with the CHED, TESDA, BIR, and BoC, shall promulgate the Implementing Rules and Regulations (IRR) of this Act within thirty (30) days of its effectiveness.

SECTION 12. Separability Clause. - If for any reason, any section or provision of this Act is declared unconstitutional or invalid, such other sections or provisions not affected thereby shall remain in full force and effect.

SECTION 13. Repealing Clause. - All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with any provision/s of this Act shall be deemed repealed, amended or modified accordingly.

SECTION 14. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,