

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9246



**AN ACT GRANTING TAX EXEMPTIONS TO ALL STATE UNIVERSITIES
AND COLLEGES, AMENDING FOR THE PURPOSE RELEVANT
PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE AND
OTHER LAWS**

**INTRODUCED BY REP. KENNETH PAOLO TERENG and
REP. DANTE S. GARCIA**

EXPLANATORY NOTE

The Constitution recognizes education as a fundamental right and mandates the State to establish, maintain, and support a complete, adequate, and integrated system of education relevant to the needs of the people and society. State Universities and Colleges (SUCs) play a vital role in fulfilling this constitutional duty by providing accessible and affordable quality education, advancing research and innovation, and promoting community development throughout the country.

Despite their indispensable contribution to national development, many SUCs continue to face financial constraints that limit their ability to improve educational facilities, modernize research capabilities, expand student assistance programs, and strengthen faculty development. A significant portion of their resources is diminished by various taxes, duties, and fees imposed on revenues, donations, educational transactions, and institutional operations.

Considering that SUCs are government-owned educational institutions operating primarily for public service and not for profit, it is both just and necessary to grant them comprehensive tax exemptions and fiscal incentives. Such measures will enable SUCs to maximize the use of their revenues and resources exclusively for educational purposes, research, extension services, innovation, and institutional development.

This proposed measure seeks to exempt SUCs from income tax, real property tax, value-added tax (VAT), customs duties, and other national internal revenue taxes. It likewise encourages private sector support for public higher

education by granting donor's tax exemptions and enhanced deductibility for donations made to SUCs. The bill further ensures that all tax savings generated shall be utilized solely for educational improvements, student welfare, research initiatives, faculty development, and other institutional priorities.

By reducing the fiscal burden on SUCs, this measure aims to strengthen the country's public higher education system, improve access to quality education, enhance academic excellence and innovation, and ultimately contribute to national progress and inclusive development.

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


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SECTION 1. Short Title.

This Act shall be known as the “**State Universities and Colleges Tax Exemption Act of 2026.**”

SECTION 2. Declaration of Policy.

It is hereby declared the policy of the State to promote accessible and quality public education, strengthen research and innovation, and support State Universities and Colleges (SUCs) in the fulfillment of their constitutional mandate.

Recognizing that SUCs operate primarily for public service and not for profit, the State shall ensure that their revenues and resources are maximized for instruction, research, extension, production, and other educational purposes by granting appropriate tax exemptions and fiscal incentives.

SECTION 3. Coverage.

This Act shall apply to all State Universities and Colleges established or recognized by law, including their campuses, auxiliary units, research centers, income-generating projects, and duly authorized educational and production activities.

SECTION 4. Exemption from Income Tax.

All revenues and assets of State Universities and Colleges used actually, directly, and exclusively for educational purposes or in support thereof shall be exempt from income tax and all other national internal revenue taxes imposed by the National Internal Revenue Code, as amended.

Income derived from income-generating projects, auxiliary services, and other lawful activities conducted by SUCs shall likewise be exempt, provided that such income is utilized solely for educational, research, extension, administrative, or institutional development purposes.

SECTION 5. Exemption from Real Property Tax.

All lands, buildings, improvements, and other real properties owned and actually, directly, and exclusively used by SUCs for educational purposes shall be exempt from real property tax, including special assessments imposed by local government units.

SECTION 6. Value-Added Tax (VAT) Exemption.

All transactions entered into by SUCs in relation to educational services, research activities, procurement of educational materials and equipment, and other transactions necessary for the performance of their mandates shall be exempt from value-added tax (VAT).

SECTION 7. Tax Incentives for Donations.

(a) Donations, grants, contributions, endowments, and gifts made to SUCs shall be exempt from donor's tax.

(b) Donations to SUCs shall be deductible from the gross income of the donor in accordance with the National Internal Revenue Code, as amended: Provided, That the allowable deduction shall be equivalent to one hundred fifty percent (150%) of the value of such donation.

(c) All donations shall be used actually, directly, and exclusively for educational purposes.

SECTION 8. Exemption from Customs Duties.

The importation by SUCs of economic, technical, vocational, scientific, philosophical, historical, cultural, and educational books, supplies, laboratory materials, computer and software equipment, and other instructional and research materials certified by the governing board of the SUC concerned as necessary for educational purposes shall be exempt from customs duties, taxes, and related fees.

SECTION 9. Tax Exemption on Academic Awards and Grants.

Scholarships, fellowships, grants, stipends, and academic awards administered or granted by SUCs shall be exempt from taxes.

SECTION 10. Use of Tax Savings.

Savings generated from the tax exemptions granted under this Act shall be used exclusively for:

1. Improvement of educational facilities and infrastructure;
2. Research and innovation programs;
3. Student welfare and scholarship assistance;
4. Faculty and staff development;
5. Community extension services; and

6. Other educational and institutional priorities of SUCs.

SECTION 11. Implementing Rules and Regulations.

Within ninety (90) days from the effectivity of this Act, the Department of Finance (DOF), Bureau of Internal Revenue (BIR), Commission on Higher Education (CHED), and concerned SUCs shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 12. Separability Clause.

If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 13. Repealing Clause.

All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby 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,