

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **10455**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to grant comprehensive duty and tax exemptions on revenues and assets that are actually, directly, and exclusively used in furtherance of the Benguet State University's (BSU) educational mandate. It strengthens Presidential Decree No. 2010, otherwise known as the "*Charter of Benguet State University*", and establishes the legal basis for the retroactive application of such exemptions.

As a state university, BSU is mandated to provide quality higher education, advance research, and promote extension services and agribusiness. However, revenues generated from the utilization of its assets and income-generating activities, including the rental income, have been subjected to tax assessments due to the absence of an explicit and comprehensive tax exemption under its Charter. This limits resources intended for the University's academic and public service functions.

This measure clearly defines the scope of BSU's duty and tax exemptions. It recognizes that the University's revenues and assets are not maintained for private gain but are continuously reinvested in its operations and services. It shall also reduce recurring disputes over tax liabilities and allow BSU to devote more of its resources to the students and communities that it serves.

This vital piece of legislation reaffirms the State's commitment to accessible and quality public higher education, and recognizes the vital role of state universities in regional and national development. It likewise places BSU on a more equitable footing with other state universities whose charters expressly provide comparable tax privileges. Greater fiscal flexibility shall strengthen BSU's capacity to serve and contribute to development of the province of Benguet and the Cordillera region.

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


HON. ERIC G. YAP

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AN ACT

GRANTING COMPREHENSIVE DUTY AND TAX EXEMPTIONS TO BENGUET STATE UNIVERSITY, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 2010, OTHERWISE KNOWN AS THE CHARTER OF BENGUET STATE UNIVERSITY, AND FOR THE RETROACTIVE APPLICATION THEREOF

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 “*Benguet State University (BSU) Tax Exemption*”.

SEC. 2. A new Section 21-A is hereby inserted after Section 21 of Presidential Decree No. 2010, entitled “*Converting the Mountain State Agricultural College in the Municipality of La Trinidad, Province of Benguet, into a University, to be known as the Benguet State University, and Appropriating Funds Therefor*”, to read as follows:

“SEC. 21-A. DUTY AND TAX EXEMPTION ON REVENUES AND ASSETS USED FOR EDUCATIONAL PURPOSES. – THE PROVISIONS OF ANY GENERAL OR SPECIAL LAW TO THE CONTRARY NOTWITHSTANDING:

“(A) ALL REVENUES AND ASSETS OF THE UNIVERSITY, FROM WHATEVER SOURCE DERIVED, WHICH ARE ACTUALLY, DIRECTLY, AND EXCLUSIVELY USED FOR INSTRUCTION, RESEARCH, EXTENSION, PRODUCTION, OR IN FURTHERANCE OF ITS MANDATE, SHALL BE EXEMPT FROM ALL KINDS OF TAXES AND DUTIES, WHETHER IMPOSED BY THE NATIONAL GOVERNMENT OR ANY OF ITS AGENCIES AND INSTRUMENTALITIES, INCLUDING GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS, AND BY LOCAL GOVERNMENT UNITS;

“(B) ALL GIFTS, GRANTS, BEQUESTS, ENDOWMENTS, DONATIONS, AND CONTRIBUTIONS OF REAL OR PERSONAL PROPERTY MADE TO THE UNIVERSITY SHALL BE EXEMPT FROM DONOR’S TAX AND SHALL QUALIFY AS ALLOWABLE DEDUCTIONS FROM THE GROSS INCOME OF THE DONOR, IN ACCORDANCE WITH THE PROVISIONS OF THE REPUBLIC ACT (RA) NO. 10963, OTHERWISE KNOWN AS THE “NATIONAL INTERNAL REVENUE CODE OF 1997”, AS AMENDED;

“(C) ALL IMPORTED ARTICLES AND MATERIALS, EQUIPMENT, SUPPLIES, MACHINERY, INSTRUMENTS, AND OTHER GOODS WHICH ARE FOR ECONOMIC, TECHNICAL-VOCATIONAL, SCIENTIFIC, MEDICAL, PHILOSOPHICAL, HISTORICAL, LEGAL, OR CULTURAL PURPOSES MADE BY THE UNIVERSITY, UPON CERTIFICATION BY THE COMMISSION ON HIGHER EDUCATION, SHALL BE EXEMPT FROM CUSTOMS DUTIES IN ACCORDANCE WITH RA NO. 10863, OTHERWISE KNOWN AS THE “CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA)”;

“(D) ALL EDUCATIONAL MONETARY AWARDS SHALL BE EXEMPT FROM INCOME TAX IN ACCORDANCE WITH THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED;

“(E) THE UNIVERSITY SHALL BE EXEMPT FROM VALUE-ADDED TAX FOR ALL TRANSACTIONS; AND

“(F) THE UNIVERSITY SHALL MAINTAIN APPROPRIATE BOOKS OF ACCOUNTS AND SUPPORTING RECORDS TO SUBSTANTIATE THAT THE REVENUES AND ASSETS CLAIMED UNDER THIS SECTION WERE ACTUALLY, DIRECTLY, AND EXCLUSIVELY USED FOR THE PURPOSES STATED HEREIN.”

SEC. 3. *Retroactivity.* – The duty and tax exemptions granted under this Act shall be applied retroactively to all revenues received by the University prior to the effectivity of this Act, to the extent that such revenues are proven to have been actually, directly, and exclusively used for instruction, research, extension, production, or other purposes in furtherance of its mandate: *Provided,* That any claim for refund, tax credit, or recovery of taxes and duties paid shall be subject to the applicable substantiation requirements and prescriptive periods under existing laws, rules, and jurisprudence: *Provided, further,* That nothing herein shall be construed to disturb final and executory judicial decisions.

SEC 4. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Board, in consultation with the Commission on Higher Education, shall formulate the guidelines to fully implement its provisions.

SEC. 5. *Repealing Clause.* – All laws, executive orders, letters of instructions, rules and regulations and other issuances, or provision thereof, which are inconsistent with the of this Act are hereby repealed, amended or modified accordingly.

SEC. 6. *Separability Clause.* – If any provision or portion of this Act are declared invalid or unconstitutional, the other provisions not affected, shall remain valid and subsisting.

SEC. 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,