

10 OCT 12 P2:14

S.B. No. **2564**

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Introduced by **SENATOR VILLAR**

**EXPLANATORY NOTE**

*"Without education and liberty,  
which are the soil and the sun of man,  
no reform is possible,  
no measure can give the result desired."*

*- Jose Rizal,  
(Indolence of the Filipinos-La Solidaridad)*

The aim of education is to equip the young with the knowledge in order for them to become meaningful members of society. The youth plays a vital role in nation-building and an educated society will translate to national progress. However, many students are struggling to stay in school due to financial difficulties. About 6 million Filipino children had dropped out of school in 2009. 30% of the 91 million inhabitants in the Philippines are under 18: almost 25% of them never finish their studies. Poverty is largely to blame along with the lack of awareness among the population of the importance of education<sup>1</sup>.

The problem regarding our youth dropping out of school may be resolved, with the help of government in furtherance of its declared national policy to protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all<sup>2</sup>. These steps can be in the form of system of scholarship grants, student loan programs, subsidies, and other incentives which shall be available to deserving students in both public and private schools, especially the underprivileged.<sup>3</sup>

This legislation seeks to lighten the financial burden of underprivileged college students by providing for discounts on various fees which relate to their education so that the qualified yet financially unable may avail of quality instruction to empower them to think for themselves and improve their lives, for the betterment of our country.

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

  
**MANNY VILLAR**

<sup>1</sup> <http://www.asianews.it/news-en/Philippines:-over-6-million-young-people-drop-out-of-school-16787.html>

<sup>2</sup> Section 1, Article XIV, 1987 Philippine Constitution

<sup>3</sup> Section 2 (3), Article XIV, 1987 Philippine Constitution

FIFTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
First Regular Session

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AN ACT  
STRENGTHENING THE ASSISTANCE PROGRAM  
TO UNDERPRIVILEGED TERTIARY STUDENTS

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

SECTION 1. *Declaration of Policy.* – It is the policy of the State to prioritize quality education and take appropriate steps to make such education accessible to all.

SEC. 2. *Definition of Terms.* – As used in this Act, the following words, terms and phrases shall be defined as:

(a) *Underprivileged college students* refer to Filipino students enrolled in the tertiary level whose parents have a gross annual income which is considered as the poverty threshold level as defined and updated by the National Economic and Development Authority (NEDA). It also covers Filipino college students who opt to take part-time jobs to subsidize their education.

(b) *Discounts* refer to the amount deducted or counted off from the cost of goods under basic services and from fees to be collected on education services.

(c) *Basic services* refer to basic necessities such as food for snacks and meals and medicines.

(d) *Education services* refer to education-related expenditures such as tuition, miscellaneous and other school fees, books and school supplies.

SEC. 3. *Discounts for Underprivileged College Students.* – Underprivileged college students shall be entitled to the following:

(a) *On Food Establishments.* – A five percent (5%) discount shall be granted to underprivileged college students by food establishments such as food chains, canteens and restaurants anywhere in the country: *Provided,* That private food establishments may claim the cost as allowable tax deduction from the gross income in the computation of the income tax, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended;

(b) *On Medicines and Health Services.* – A five percent (5%) discount shall be

granted to underprivileged college students by pharmacies or drug stores or hospitals and medical institutions anywhere in the country: *Provided*, That these pharmacies or drug stores or hospital and medical institutions may claim the cost as allowable tax deduction from the gross income in the computation of the income tax, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended;

(c) On Textbooks and School Supplies. – A five percent (5%) discount shall be granted to underprivileged college students by establishments anywhere in the country that sell reference books for college and school supplies: *Provided*, That these establishments may claim the cost as allowable tax deduction from the gross income in the computation of the income tax, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended; and

(d) On Tuition Fees, Miscellaneous and Other School Fees. – A five percent (5%) discount shall be granted to underprivileged college students by public and private schools where they are enrolled anywhere in the country, without prejudice to their right in availing themselves of other educational assistance given by the school and the government such as the “Study Now, Pay Later Plan” under Republic Act No. 6728: *Provided*, That the schools may claim the cost as allowable tax deduction from the gross income in the computation of the income tax, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 4. *Limitations*. – The right of any underprivileged college student to avail himself/herself of the discounts under this Act shall not apply if:

(a) He/She fails for one (1) semester in the majority of the academic subjects in which he/she has enrolled during the course of his/her study, unless such failure is due to some valid cause beyond his/her control;

(b) He/She fails to finish his/her course within two (2) years after the year within which he/she should have graduated;

(c) He/She stops schooling for one (1) school year, unless such is due to some valid cause beyond his/her control; and

(d) He/She is convicted of any crime under the Revised Penal Code.

SEC. 5. *Role of the Commission on Higher Education (CHED)*. – The CHED shall be in charge of determining the qualified beneficiaries under this Act through its Office of Student Services (OSS). The CHED Chairman shall include in the regular functions of the OSS the following additional functions:

(a) To plan, implement and monitor yearly work programs, evaluate and submit annual reports in pursuance of the objectives of this Act;

(b) To screen applicants, receive documentary proof, and identify who are the eligible underprivileged college students based on the provisions of this Act;

(c) To closely coordinate with the NEDA in determining the income brackets of Filipino families for the purpose of identifying underprivileged college students;

- (d) To issue identification cards which shall be valid anywhere in the country as proof of the eligibility of the underprivileged college students to avail themselves of the discounts;
- (e) To maintain and regularly update, on a quarterly basis, the list of underprivileged college students who avail themselves of the discounts and to review, evaluate and assess their academic standing;
- (f) To cancel the identification cards issued for those disqualified under Section 5 of this Act;
- (g) To provide information to the affected establishments under Section 4 of this Act for any question regarding the eligibility of any underprivileged college student claiming the discounts through the CHED website;
- (h) To monitor the extent of implementation of this Act and to coordinate with the concerned agencies regarding the imposition of penalties on violators of this Act; and
- (i) To perform such other functions as may be determined by the CHED Chairman in the implementation of this Act.

SEC. 6. *Tax Incentives.* – Discounts granted by establishments to underprivileged college students under this Act shall be treated as allowable deduction from the gross income in the computation of the income tax, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 7. *Implementing Rules and Regulations.* – The CHED, in coordination with the NEDA, the Department of Social Welfare and Development (DSWD), the Department of Health (DOH), the Department of Trade and Industry (DTI), the Department of Finance (DOF), such other relevant agencies and civil society groups and youth organizations and relevant stakeholders shall issue the implementing rules and regulations to carry out the objectives of this Act within thirty (30) days after this Act takes effect.

SEC. 8. *Penalties.* – The first violation of any provision of this Act shall cause the suspension of the license to operate or the business permit of the establishment or the person concerned for not less than one (1) week but not more than four (4) weeks and a fine of not less than Twenty thousand pesos (P20,000.00) but not more than Fifty thousand pesos (P50,000.00).

The second violation of any provision of this Act shall cause the suspension of the license to operate or the business permit of the establishment or the person concerned for not less than four (4) weeks and a fine of not less than Fifty thousand pesos (P50,000.00) but not exceeding Two hundred fifty thousand pesos (P250,000.00): *Provided, however,* That the procedure of notice and hearing shall have been complied with prior to the imposition of the said penalties.

If the offender is a corporation, organization or any similar entity, the official thereof directly involved shall be held liable therefor.

SEC. 9. *Enforcement.* – Pursuant hereto, the DTI, the DOH and the local government units (LGUs), in coordination with the CHED, are mandated to implement the provisions of this Act. After filing of an appropriate complaint, and after due notice and hearing, the proper

authorities may also cause the cancellation or revocation of the business permit, permit to operate, franchise and other similar privileges granted to any business entity that fails to abide by the provisions of this Act.

SEC. 10. *Separability Clause.* – If any provision or part hereof is held invalid or unconstitutional, the other sections or provisions hereof shall not be affected thereby and shall remain in force and effect.

SEC. 11. *Repealing Clause.* – All laws, executive orders, decrees, instructions, rules and regulations contrary to or inconsistent with any provision of this Act are hereby amended, repealed or modified accordingly.

SEC. 12. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation or in the Official Gazette, whichever comes earlier.

Approved,