

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P5:36

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S E N A T E

S. No. 445

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Education is considered as a "merit good" because it generates benefits for society in addition to the private benefits that it creates for the individual. The social benefits derived from education is well acknowledged in Article II, Section 17 of the Constitution, which provides that "The State shall give priority to education..... to foster patriotism and nationalism, accelerate social progress and promote total human liberation and development."

While the State provides for free elementary and secondary education, the quality of education in the country's public school system leaves much to be desired, and falls short of ensuring perfect access of education to all.

To allow the state to share in the cost of education, this bill proposes an additional tax exemption for actual tuition and other ordinary educational fees or expenses incurred by a taxpayer in the amount not exceeding ₱20,000 a year per dependent for a maximum of four dependents.

Expenses incurred for education is in truth an investment not only in the personal future of the student, but also of the nation, and therefore merit some form of support by the state.

In view of the foregoing, early passage of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

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**AN ACT
PROVIDING FOR TAX EXEMPTION FOR EDUCATIONAL EXPENSES OF
DEPENDENTS FOR INCOME TAX PURPOSES, AMENDING SECTION 32 OF
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR
OTHER PURPOSES**

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

1 SECTION 1. Section 32, subsection (B) (7) if the National Internal
2 Revenue Code, as amended, shall be further amended to include an additional
3 item of tax exemption which shall read as follows:

4 “(i) Actual tuition and other ordinary educational fees or expenses
5 incurred by the taxpayer in the amount of not more than Twenty thousand
6 pesos (P20,000.00) a year per dependent, but not more than four
7 dependents: Provided, That such ceiling shall be increased through rules
8 and regulations by the Secretary of Finance to consider, among others,
9 the annual inflation rate.

10 SEC. 2. All provisions of the National Internal Revenue Code, as
11 amended, inconsistent with the above provision, are hereby amended
12 accordingly.

13 SEC. 3. This Act shall take effect fifteen (15) days after its publication in
14 two (2) leading newspapers of national circulation.

Approved,