

16<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



'14 MAY 15 P4:21

SENATE  
S.B. No. 2228

RECEIVED BY: YK

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Introduced by Senator **SONNY M. ANGARA**

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AN ACT  
ALLOWING EXPENSES INCURRED AS PAYMENTS FOR TERTIARY EDUCATION  
TUITION AND ALLIED EXPENSES AS DEDUCTIONS FROM GROSS INCOME OF  
INDIVIDUALS, AMENDING FOR THE PURPOSE SECTION 34 OF THE NATIONAL  
INTERNAL REVENUE CODE OF THE PHILIPPINES, AS AMENDED.

#### EXPLANATORY NOTE

Article 2, Section 17 of the Constitution provides that the "State shall give priority to education, science and technology, arts and sports to foster patriotism, nationalism, accelerate social progress and promote total human liberation and development". In addition, Article 4, Section 1 of the Constitution also mandates that the State should "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." It is therefore imperative for the State to promote and enhance opportunities for accessible quality education.

Based on the Annual Poverty Indicator Survey released by the National Statistics Office in 2011, 6.24 million out of the 39 million Filipinos aged between 6 and 24 are out-of-school youth (OSY), those who are not attending formal school or have not finished college or post-secondary courses. The same report also indicates that 28.9% of high school graduates could not attend college because of its high cost. Thus, access to tertiary education in the country remains problematic and elusive, especially to the poor and underprivileged.

This bill seeks to appease this problem by providing that matriculation fees for tertiary education and allied educational expenses shall be tax deductible from the gross income of the taxpayer. Such initiative is aimed to encourage and assist the students or his parents or any other person having parental authority or exercising substitute parental authority pay tertiary matriculation fees and allied expenses including post secondary courses from higher educational and technical and vocational institutions.

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

  
SONNY M. ANGARA

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INTERNAL REVENUE CODE OF THE PHILIPPINES, AS AMENDED.

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

1           **SECTION 1.** Section 34 of the National Internal Revenue Code (NIRC), as amended, is  
2 hereby further amended to read as follows:

3           **SEC. 34. Deductions from Gross Income.** - Except for taxpayers earning  
4 compensation income arising from personal services rendered under an employer-employee  
5 relationship where no deductions shall be allowed under this Section other than under  
6 Subsection (M) **AND (N)** hereof, in computing taxable income subject to income tax under  
7 Sections 24(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following  
8 deductions from gross income:

9           (A) Expenses. -

10           (1) Ordinary and Necessary Trade, Business or Professional Expenses. XXX.

11           (M) Premium Payments on Health and/or Hospitalization Insurance of an  
12 Individual Taxpayer. - XXX.

13           **(N) PAYMENTS FOR TERTIARY EDUCATION TUITION FEES**  
14 **AND ALLIED EDUCATIONAL EXPENSES.** - EXPENSES INCURRED  
15 BY A PERSON, OR ANY OTHER PERSON HAVING PARENTAL  
16 AUTHORITY OR EXERCISING SUBSTITUTE PARENTAL AUTHORITY FOR  
17 PURPOSES OF SHOULDERING TERTIARY EDUCATION TUITION FEES  
18 AND ALLIED EXPENSES, FOR HIMSELF OR FOR HIS DEPENDENT DULY  
19 ENROLLED IN A QUALIFIED EDUCATIONAL INSTITUTION AS MAY BE  
20 DEFINED BY EXISTING LAWS: PROVIDED, THAT THE DEDUCTION

1 SHALL NOT EXCEED FORTY THOUSAND PESOS (P40,000) FOR HIMSELF  
2 OR FOR EACH DEPENDENT NOT EXCEEDING FOUR (4) FOR THE  
3 TAXABLE YEAR: PROVIDED, FINALLY, THAT TERTIARY EDUCATION  
4 SHALL INCLUDE POST SECONDARY COURSES FROM HIGHER  
5 EDUCATIONAL AND TECHNICAL AND VOCATIONAL INSTITUTIONS

6 THE DEDUCTIONS FOR TERTIARY EDUCATION OF DEPENDENTS SHALL  
7 BE CLAIMED BY ONLY ONE OF THE SPOUSES IN THE CASE OF  
8 MARRIED INDIVIDUALS. IN THE CASE OF LEGALLY SEPARATED  
9 SPOUSES, THE DEDUCTION MAY ONLY BE AVAILED BY THE SPOUSE  
10 WHO HAS CUSTODY OF THE DEPENDENT.

11 FOR PURPOSES OF THIS SUBSECTION, A 'DEPENDENT' MEANS A  
12 LEGITIMATE, ILLEGITIMATE OR LEGALLY ADOPTED CHILD CHIEFLY  
13 DEPENDENT UPON AND LIVING WITH THE TAXPAYER IF SUCH  
14 DEPENDENT IS NOT MORE THAN TWENTY-ONE (21) YEARS OF AGE,  
15 UNMARRIED AND NOT GAINFULLY EMPLOYED OR IF SUCH  
16 DEPENDENT, REGARDLESS OF AGE, IS INCAPABLE OF SELF-SUPPORT  
17 BECAUSE OF MENTAL OR PHYSICAL DEFECT.

18 **SEC. 2.** The necessary implementing rules and regulations (IRR) for purposes of this  
19 Act shall be jointly issued by the Commission on Higher Education (CHED), the Technical  
20 Education and Skills Development Authority (TESDA) and the Bureau of Internal Revenue  
21 (BIR), within sixty (60) days from its effectivity.

22 **SEC. 3.** All laws, decrees, executive orders or any other issuances or parts thereof  
23 which are inconsistent with the provisions of this Act are hereby repealed, amended or modified  
24 accordingly.

25 **SEC. 4.** If any provision of this Act is held invalid or unconstitutional, any other  
26 provision not affected shall continue to be in full force and effect.

27 **SEC. 5.** This Act shall take effect fifteen (15) days after its complete publication in the  
28 Official Gazette or in at least two (2) newspapers of general circulation.

29 *Approved,*