

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)



'16 JAN 11 P4 09

SENATE
S. No. 3067

RECEIVED BY: J.

Introduced by Senator Miriam Defensor Santiago

AN ACT
EXEMPTING FROM TAXATION ALL DONATIONS, GRANTS OR GIFTS TO
NON-STOCK AND NON-PROFIT EDUCATIONAL INSTITUTIONS

EXPLANATORY NOTE

Education plays a significant role in national development. There is therefore a need to continuously upgrade the standards of education so that it is always in tune with the state of the art in education.

The government alone cannot single-handedly upgrade the standards of education. To accelerate the pace of our educational development, the government needs the active assistance of other sectors of society. Although, others have been extending their help to our educational institutions, this has not been fully realized because of the limitations and inadequate incentives available under existing laws.

Non-profit and non-stock educational institutions have the benefit of tax exemption as enshrined in the Constitution. But these privileges are not sufficient to augment the operational needs, as well as the development and upgrading of the school facilities. Worsening economic conditions and the rapid strides in the development of technology has made it difficult for non-profit and non-stock educational institutions with their limited resources to cope with the prevailing trend.

This bill seeks to encourage the full support of the non-government sector of our society as to provide the much needed relief to the non-profit and non-stock educational institutions. Existing laws grant limited exemption to donations, grants, gifts or contribute

to non-stock, non-profit educational institutions. To further solicit the active support of this sector to our educational institutions and programs, this measure grants full tax exemption and tax credits to willing benefactors. By widening the incentives, the private sector can lend their unfailing support to our educational institutions and programs towards the achievement of our national goal of full development. This bill is the counterpart bill of House Bill No. 278 by then Rep. Juan Edgardo "Sonny" M. Angara.¹


MIRIAM DEFENSOR SANTIAGO
RP


¹ This bill was originally filed in the Fifteenth Congress, Second Regular Session.

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

1 SECTION 1. *Declaration of Policy.* – It is the policy of the State to encourage the
2 participation of every member of the society towards the development of our education
3 through voluntary sharing of resources.

4 SECTION 2. *Tax Exemption.* – Notwithstanding any provision of law to the
5 contrary, all monetary contributions and the equivalent monetary value of properties
6 donated, granted or bestowed to non-stock and non-profit institutions are tax-exempt and
7 deductible from the taxable income of the donor; provided that such donations, grants,
8 endowments or contributions shall be used actually, directly and exclusively for the
9 primary educational purposes of the recipient; provided further that not more than 25
10 percent of the donations, grants, endowments or contributions shall be used for
11 administrative purposes.

12 SECTION 3. *Valuation.* – For the purposes of this Act, the equivalent monetary
13 value of properties donated, granted, endowed or contributed shall be the prevailing fair
14 market value of the property as determined by the Secretary of Finance and approved by
15 the Bureau of Internal Revenue.

1 SECTION 4. *Separability Clause.* – If any provision of this Act is held invalid or
2 unconstitutional, the same shall not affect the validity and effectivity of the other
3 provisions hereof.

4 SECTION 5. *Repealing Clause.* – All laws, decrees, orders, and issuances, or
5 portions thereof, which are inconsistent with the provisions of this Act, are hereby
6 repealed, amended or modified accordingly.

7 SECTION 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
8 its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,

/fldp29Dec2015