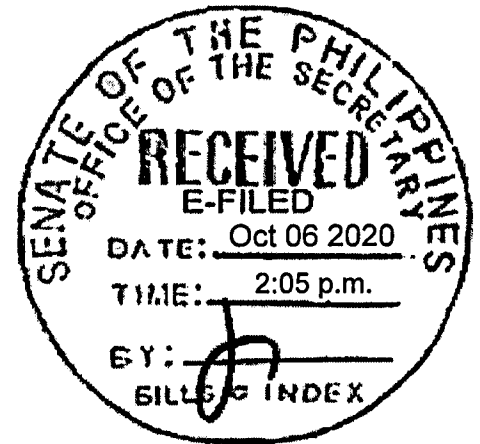


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

S. No. **1872**

Introduced by **SENATOR LEILA M. DE LIMA**

AN ACT
EXEMPTING EDUCATIONAL APPLICATIONS, GADGETS, COMPUTERS
AND E-BOOKS FROM VALUE-ADDED TAX FOR THE PRINCIPAL USE
OF TEACHERS AND STUDENTS IN ONLINE AND DISTANT LEARNING,
AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

1 COVID-19 is one of the most disastrous pandemics in recent human history. It
2 wreaked havoc among nations of the world – putting life as we know it to a grinding
3 halt. With the sudden pause, the pandemic posed unprecedented challenges even to
4 education systems. A World Bank study¹ revealed that more than 1.7 billion students
5 have been affected by this unprecedented educational crisis. The youth's future put
6 on hold while nations grappled to recalibrate in order to adapt to the changes that
7 the new normal demanded we take. As medical and scientific efforts were mobilized
8 in order to stem the spread of the virus, classes were suspended and schools were
9 closed. The light that is education – the foundation on which the future of the youth
10 rests, was temporarily dimmed out. And for a while, learning was on a standstill.

11 Albeit the cataclysmic event, Constitutional and statutory guarantees that
12 afford protection over the right of all citizens to quality education remain. The State,
13 while overburdened with the gargantuan responsibility of shielding the nation from

¹ World Bank (22 June 2020) *Lessons For Education during the COVID-19 crisis*. Retrieved from:
<https://www.worldbank.org/en/topic/edutech/brief/lessons-for-education-during-covid-19-crisis>. Accessed last 23 June 2020

1 the harms of the vicious virus, remains to carry the task of balancing its resources
2 and capabilities to protect and promote this right to quality education.

3 The Constitution is clear – the State is mandated to take appropriate steps to
4 make education accessible to all.² It remains to be duty-bound – even more so now
5 because of the pandemic. For the right to education of all should not be swept aside
6 in the formulation of policies and programs meant to spur our recovery. The State
7 should be fighting for the right of all to education as vigorously as it pushes for the
8 reopening of the economy.

9 In its quest to fulfil its mandate, and as a primary step towards adapting to the
10 new normal, the Department of Education (DepEd) decided to institute a blended
11 learning approach, a fusion of “online distant learning or e-learning” and “in-person”
12 delivery of learning modules and interactive facilities to the homes of the students
13 through the barangays for those who are without internet access.³

14 Another mode of learning that the DepEd introduced as an attempt to bring
15 education closer and more accessible to all is “E-learning”. A methodology which
16 departs from traditional learning, E-learning utilizes computers, smartphones,
17 tablets, and the internet. This novel learning mode is considered as an indispensable
18 approach in today’s educational system with the indefinite suspension of face-to-face
19 classes. In trying to lessen the risk of exposure of both teaching personnel and
20 students, this new mode of learning is said to protect them from those who are
21 carrying the virus in the outside world.

22 Despite the DepEd having been consistent with its position that E-learning
23 will work, given that the survey they conducted yielded a result that more than 80%
24 or 700,000 of teachers have laptops and desktops in their homes, the reality is that a
25 huge fraction of those who will facilitate this new mode of learning and those who
26 will consume the same are still without the necessary tools and gadgets. We are
27 confronted with the painful truth that many Filipinos live in squalor and poverty.

² 1987 Constitution, Article XIV, Section 1.

³ Malindog-Uy, A (7 June 2020) “Blended Learning” In Virus-Hit Philippines. Retrieved from:
<https://theaseanpost.com/article/blended-learning-virus-hit-philippines#:~:text=%22Blended%20learning%22%20or%20%E2%80%9Chybrid,the%20comfort%20of%20their%20homes.>
Accessed last 21 June 2020

1 And with the pandemic widening the social gap even further, creating further
2 stratifications that make the poor suffer even more – families losing their livelihood
3 and homes, the instruments that are vital for E-learning remain beyond their reach.
4 Clearly, the inequality to the access of these tools and technologies is a reflection of
5 the country’s socio-economic gap and the “digital divide” worsened by the pandemic.

6 Many households are forced to share their gadgets; between parents who need
7 them for work and the students who use them for education. The problem becomes
8 even more problematic in households with multiple children forced to utilize the E-
9 learning mode.

10 It thus cannot be denied that the obligation of the State to balance out their
11 priorities during the crisis will be arduous – but the travails should not make the
12 government cower in fulfilling its responsibilities to our people. Instead, it should
13 rise to the occasion and devise measures that will make education and learning truly
14 accessible to all.

15 This measure will be an aid in these times – to encourage learning despite the
16 circumstances. In exempting educational tools and gadgets that will be utilized by
17 the students and teachers during the whole process of virtual learning or “blended
18 learning” from Value-Added Tax (VAT), prices of these essential commodities which
19 we can now consider as essential, will be reduced significantly – therefore making
20 them cheaper and more obtainable.

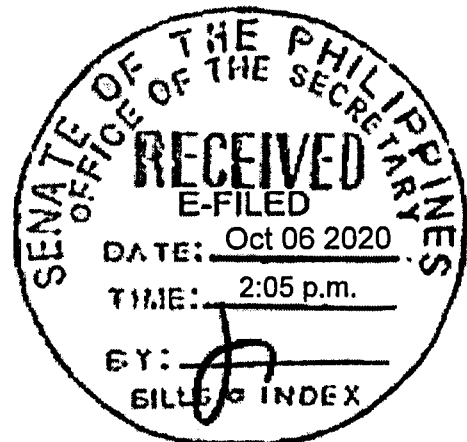
21 Guided by the principle that laws must always be dynamic– reflecting and
22 responding to the changing times, this measure will be an important instrument in
23 encouraging students to remain in the journey of learning. While the educational
24 landscape has drastically evolved during this pandemic, the State must also come to
25 the aid of this sector which has likewise been badly hit by the changing times. This
26 proposal is a sustainable policy which allows the nation to adapt to the rise of e-
27 learning, use of gadgets and the maximization of a wide array of digital platforms in
28 instruction – a faithful compliance to Article II, Section 17 of the Constitution which
29 mandates the State to give priority to education to accelerate social progress and to
30 promote total human liberation and development.

1

Approval of this proposed measure is most earnestly sought.

Beila M. de Lima
BEILA M. DE LIMA

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

S. No. **1872**

Introduced by SENATOR LEILA M. DE LIMA

AN ACT
EXEMPTING EDUCATIONAL APPLICATIONS, GADGETS, COMPUTERS
AND E-BOOKS FROM VALUE-ADDED TAX FOR THE PRINCIPAL USE
OF TEACHERS AND STUDENTS IN ONLINE AND DISTANT LEARNING,
AMENDING FOR THE PURPOSE SECTION 109 (1) OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION 1. Section 109 (1) of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3 SEC. 109. Exempt Transactions. —

4 (1) Subject to the provisions of Subsection (2)
5 hereof, the following transactions shall be
6 exempt from the value-added tax:

7 xxx

8 “(R) Sale, importation, printing or publication of
9 books and any newspaper, magazine, review or
10 bulletin which appears at regular intervals with
11 fixed prices for subscription and sale and which
12 is not devoted principally to the publication of
13 paid advertisements;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

“(S) SALE OF E-BOOKS, E-LEARNING APPLICATIONS, GADGET AND COMPUTERS FOR THE PRINCIPAL USE OF TEACHERS AND STUDENTS IN ONLINE AND DISTANT LEARNING;

“(T[S]) xxx;

“(U[T]) xxx;

“xxx”; and

“(CC[BB])”.

Sec. 2. Implementing Rules and Regulations. – The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation, in consultation with the Department of Education, Commission on Higher Education and other necessary stakeholders.

Sec. 3. Repealing Clause. – All laws, decrees, letters of instruction, resolutions, orders or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

Sec. 4. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,