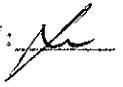


FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



'11 AUG 18 P2:43

SENATE
S. No. 2043

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

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.

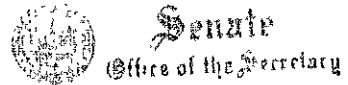
This bill seeks to encourage the full support of the non-government sector of our society as to provide the much needed relief to the non-profit and non-stock educational institutions. Existing laws grant limited exemption to donations, grants, gifts or contribute to non-stock, non-profit educational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

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO
ms

FIFTEENTH CONGRESS OF THE REPUBLIC)
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SENATE
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1 AN ACT
2 EXEMPTING FROM TAXATION ALL DONATIONS, GRANTS OR GIFTS TO NON-
3 STOCK AND NON-PROFIT EDUCATIONAL INSTITUTIONS

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

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

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

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

18 SECTION 4. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts
19 thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified
20 accordingly.

1 SECTION 5. *Separability Clause.* – If, for any reason, any provision of this Act is
2 declared to be unconstitutional or invalid, the other sections or provisions hereof which are not
3 affected thereby shall continue to be in full force and effect.

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

Approved,