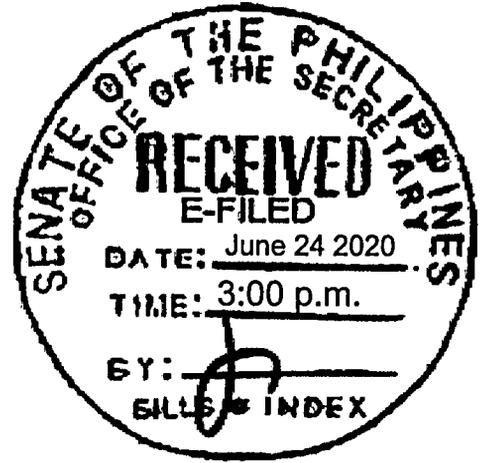


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
S. B. No. 1635

Introduced by Senator SONNY ANGARA

AN ACT
GRANTING FIVE PERCENT (5%) DISCOUNT ON BASIC AND EDUCATION SERVICES TO UNDERPRIVILEGED STUDENTS IN ALL LEVELS, INCLUDING THOSE ENROLLED IN TECHNICAL-VOCATIONAL (TECH-VOC) INSTITUTIONS

EXPLANATORY NOTE

The 1987 Constitution provides that the State shall establish and maintain a system of scholarship grants, student loan programs, and provide other incentives which shall be made available to deserving students, especially to the underprivileged.

Even with the system of scholarship grants and student loan programs provided by the government, not all deserving and underprivileged students get to finish their education because they lack the financial capacity to spend for their basic needs and other expenses related to their studies.

Another challenge faced by these students is the changing landscape in education and learning brought about by the continuing fight to stem the spread of the novel coronavirus (COVID-19). Recently the Department of Education and the Commission on Higher Education have, on separate instances, advocated for the shift to online/distance learning. This shift to online/distance learning is causing further financial burden as students are now required to have specific electronic devices and access to the internet in order to participate in their classes.

To ease the financial burden of underprivileged students and help them cope with the high cost of education as well as daily school expenses, this measure proposes to grant discounts on basic services, such as food and medicine. Moreover, it also

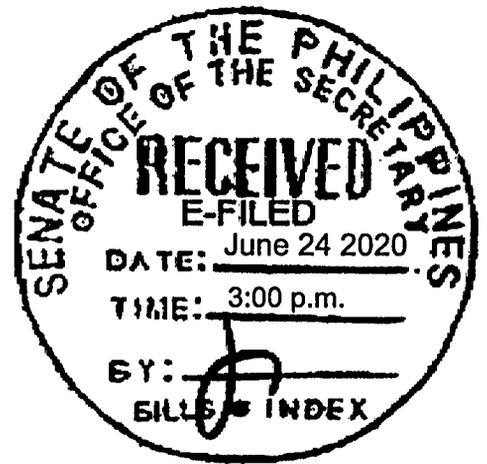
seeks to give them discounts on educational expenses, such as tuition, miscellaneous, and other school fees, including purchase of books, school supplies and electronics for purposes of participating in online/distance learning. In turn, the discounts granted by establishments to underprivileged students shall be treated as allowable deduction from their gross income.

In view of the foregoing reasons, the immediate approval of this measure is earnestly sought.



SONNY ANGARA

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

1 Section 1. *Short Title.* – This Act shall be known as the "*Underprivileged Students'*
2 *Discount Act of 2020.*"

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to prioritize quality
4 education and take appropriate steps to make such education accessible to all.

5 Sec. 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

6 (a) *Underprivileged Student* refers to a Filipino student enrolled in basic education,
7 post-secondary non-degree technical-vocational (Tech-Voc) courses, and those
8 enrolled in bachelor's Degree Programs at the college level, whose parents have a
9 gross annual income of not more than Two Hundred Fifty Thousand Pesos
10 (P250,000.00), subject to review by the National Economic and Development
11 Authority (NEDA) every three years: *Provided*, That a Filipino student who opts to take
12 part-time jobs to subsidize the student's education and whose income combined with
13 the annual gross income of the student's parents do not exceed Two Hundred Fifty
14 Thousand Pesos (P250,000.00), subject to review by the NEDA every three (3) years,
15 is deemed an Underprivileged Student;

1 (b) *Discounts* refer to an amount deducted or counted off from the cost of goods
2 under basic services and from fees to be collected on education services;

3 (c) *Basic Services* refer to basic necessities such as food for snacks and meals and
4 medicines; and

5 (d) *Education Services* refer to education-related expenditures such as tuition,
6 miscellaneous and other school fees, books, and school supplies.

7 **Sec. 4. *Discounts for Underprivileged Students.*** – Underprivileged students shall
8 be entitled to the following:

9 (a) On Food Establishments - A five percent (5%) discount shall be granted to
10 underprivileged students by food establishments such as food chains, canteens
11 and restaurants anywhere in the country: *Provided,* That private food
12 establishments may claim the cost as allowable tax deduction from the gross
13 income in the computation of the income tax in accordance with the provisions
14 of the National Internal Revenue Code (NIRC) of 1997, as amended;

15 (b) On Medicines - A five percent (5%) discount shall be granted to
16 underprivileged students by pharmacies or drug stores anywhere in the
17 country: *Provided,* That these pharmacies or drug stores may claim the cost
18 as allowable tax deduction from the gross income in the computation of the
19 income tax in accordance with the provisions of the NIRC of 1997, as
20 amended;

21 (c) On Textbooks and School Supplies - A five percent (5%) discount shall be
22 granted to underprivileged students by establishments anywhere in the
23 country that sell reference books and school supplies: *Provided,* That these
24 establishments may claim the cost as allowable tax deduction from the gross
25 income in the computation of the income tax in accordance with the provisions
26 of the NIRC of 1997, as amended;

27 (d) On Prescribed Electronic Devices for purposes of Online/Distance Learning - A
28 five percent (5%) discount shall be granted to underprivileged students by
29 establishments anywhere in the country that sell electronic devices including
30 but not limited to computers, tablets and other electronic devices which may
31 hereinafter be prescribed: *Provided,* That these establishments may claim the
32 cost as allowable tax deduction from the gross income in the computation of

1 the income tax in accordance with the provisions of the NIRC of 1997, as
2 amended; and

3 (e) On Tuition Fees, Miscellaneous, and Other School Fees - A five percent (5%)
4 discount shall be granted to underprivileged students by public and private
5 schools where they are enrolled in, without prejudice to their right to avail
6 themselves of other educational assistance given by the school and the
7 government, such as those provided under Republic Act No. 6728, as amended
8 by Republic Act No. 8545 or the "Government Assistance to Students and
9 Teachers in Private Education (EGASTPE)", Republic Act No. 9442 or the law
10 amending the "Magna Carta for the Disabled", Republic Act No. 10687 or the
11 "Unified Student Financial Assistance System for Tertiary Education
12 (UniFAST)", and Republic Act No. 10931 or the "Universal Access to Quality
13 Tertiary Education (UAQTE) Act": *Provided*, That the schools may claim the
14 cost as allowable tax deduction from the gross income in the computation of
15 the income tax in accordance with the provisions of the NIRC of 1997, as
16 amended.

17 (f) On Museums, Theaters, and Cultural Events - A five percent (5%) discount
18 shall be granted to underprivileged students on entrance fees to museums,
19 theaters, and cultural events sanctioned by the National Commission on
20 Culture and Arts anywhere in the country: *Provided*, That private museums,
21 theaters and producers of cultural events may claim the cost as allowable tax
22 deduction from the gross income in the computation of the income tax in
23 accordance with the provisions of the NIRC of 1997, as amended.

24 *Sec. 5. Limitations.* – The Department of Education (DepEd), Technical Education
25 and Skills Development Authority (TESDA), and Commission on Higher Education
26 (CHED) may identify grounds for disqualification of students in availing the
27 aforementioned discounts, in accordance with the implementing rules and regulations
28 of this Act: *Provided*, That these grounds will not defeat the purpose of liberally
29 granting such discounts to underprivileged students.

30 *Sec. 6. Roles of DepEd and CHED.* – Qualified primary and secondary students,
31 and tertiary or college beneficiaries, shall be determined by DepEd and CHED,
32 respectively. These agencies shall have the following functions:

- 1 (a) To plan, implement, and monitor yearly work programs, evaluate and submit
2 annual reports in pursuance to the objectives of this Act;
- 3 (b) To screen applicants, receive documentary proof, and identify who are the
4 eligible underprivileged primary, secondary and college students based on the
5 provisions of this Act;
- 6 (c) To closely coordinate with the NEDA in determining the income brackets of Filipino
7 families for the purpose of identifying underprivileged primary, secondary and
8 college students, respectively;
- 9 (d) To issue identification cards which shall be valid anywhere in the country as proof
10 of the eligibility of the underprivileged primary, secondary and college students to
11 avail themselves of the discounts;
- 12 (e) To maintain and regularly update, on a quarterly basis, the list of underprivileged
13 primary, secondary, and college students who avail themselves of the discounts;
- 14 (f) To cancel the identification cards issued for those disqualified under Section 5 of
15 this Act;
- 16 (g) To provide information to the affected establishments under Section 4 of this Act
17 for any questions regarding the eligibility of any underprivileged primary,
18 secondary and college students claiming the discounts through the DepEd and
19 CHED websites, respectively;
- 20 (h) To monitor the extent of implementation of this Act and to coordinate with the
21 concerned agencies regarding the imposition of penalties on violators of this Act;
22 and
- 23 (i) To perform such other functions as may be determined by the DepEd Secretary
24 and CHED Chairperson.

25 **Sec. 7. Role of TESDA.** – The TESDA shall be in charge of determining the qualified
26 post-secondary tech-voc beneficiaries under this Act through its Office of Technical-
27 Vocational Education and Training (TVET) Systems Development Office (TSDO). The
28 TESDA Director-General shall include in the regular functions of the TSDO the
29 following additional functions:

- 30 (a) To plan, implement, and monitor work programs, evaluate and submit annual
31 reports in pursuance of the objectives of this Act;

- 1 (b) To screen applicants, receive documentary proof, and identify who are the
2 eligible underprivileged post-secondary students based on the provisions of this
3 Act;
- 4 (c) To closely coordinate with the NEDA in determining the income brackets of
5 Filipino families for the purpose of identifying underprivileged post-secondary
6 students;
- 7 (d) To issue identification cards which shall be valid anywhere in the country as
8 proof of the eligibility of the underprivileged post-secondary students to avail
9 themselves of the discounts;
- 10 (e) To maintain and regularly update, on a quarterly basis, the list of
11 underprivileged post-secondary students who avail themselves of the discounts
12 and to review, evaluate and assess their academic standing;
- 13 (f) To cancel the identification cards issued for those disqualified under Section 5
14 of this Act;
- 15 (g) To provide information to the affected establishments under Section 4 of this
16 Act for any questions regarding the eligibility of any underprivileged post-
17 secondary students claiming the discounts through the TESDA website;
- 18 (h) To monitor the extent of implementation of this Act and to coordinate with the
19 concerned agencies regarding the imposition of penalties on violators of this
20 Act; and
- 21 (i) To perform such other functions as may be determined by the TESDA Director-
22 General in the implementation of this Act.

23 **Sec. 8. *Tax Incentives.*** – Discounts granted by establishments to underprivileged
24 students under this Act shall be treated as allowable deduction from the gross income
25 in the computation of the income tax, in accordance with the provisions of NIRC of
26 1997, as amended.

27 **Sec. 9. *Implementing Rules and Regulations.*** – The DepEd, TESDA, and CHED, in
28 coordination with the NEDA, the Department of Social Welfare and Development
29 (DSWD), the Department of Health (DOH), the Department of Trade and Industry
30 (DTI), Department of Finance (DOF), and such other agencies concerned with the
31 establishments which may be affected by this Act, shall issue the implementing rules

1 and regulations to carry out the objectives of this Act within thirty (30) days after this
2 law takes effect.

3 Sec. 10. *Penalties.* – The first violation of any provisions of this Act shall cause the
4 suspension of the license to operate or the business permit of the establishment or
5 person concerned for not less than one (1) week but not more than four (4) weeks
6 and a fine of not less than Twenty Thousand Pesos (P20,000.00) but not more than
7 Fifty Thousand Pesos (P50,000.00).

8 The second violation of any provisions of this Act shall cause the suspension of
9 the license to operate or the business permit of the establishment or the person
10 concerned for not less than four (4) weeks and a fine of not less than Fifty Thousand
11 Pesos (P50,000.00), but not exceeding Two Hundred Fifty Thousand Pesos
12 (P250,000.00): *Provided*, however, That the procedure of notice and hearing shall
13 have been complied with prior to the imposition of the said penalties.

14 If the offender is a corporation, organization or any similar entity, the officers
15 thereof shall suffer the same penalty imposed on any person found violating this Act.

16 Sec. 11. *Enforcement.* – Pursuant hereto, the DepEd, DTI, DOH, and local
17 government units (LGUs), in coordination with the CHED and TESDA, shall have the
18 mandate to implement the provisions of this Act. After filing of an appropriate
19 complaint, and after due notice and hearing, the proper authorities may also cause
20 the cancellation or revocation of the business permit, permit to operate, franchise and
21 other similar privileges granted to any business entity that fails to abide by the
22 provisions of this Act.

23 Sec. 12. *Separability Clause.* – If any provision or part thereof is held invalid or
24 unconstitutional, the other sections or provisions thereof shall not be affected thereby
25 and shall remain in force and effect.

26 Sec. 13. *Repealing Clause.* – All laws, executive orders, decrees, instructions, rules
27 and regulations contrary to or inconsistent with any provision of this Act are hereby
28 amended, repealed or modified accordingly.

29 Sec. 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
30 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,