



## HOUSE OF REPRESENTATIVES

H. No. 6219

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BY REPRESENTATIVES ROMULO, ANGARA, ONG, PIAMONTE, MAGSAYSAY (E.), ROMUALDO, GULLAS, SARMIENTO (C.), FLORES, MENDOZA (R.), TINGA, TEVES, UNGAB, RODRIGUEZ (R.), MERCADO (R.), PANOTES, GONZALEZ, MELLANA, GO (A.), GUANLAO, CALIMBAS-VILLAROSA, AGLIPAY, DEL ROSARIO (A.G.) AND MERCADO-REVILLA, PER COMMITTEE REPORT NO. 2201

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AN ACT ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY BANKS AND GOVERNMENT FINANCIAL INSTITUTIONS, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

*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 “Voluntary  
2 Student Loan Program Act”.

3           SEC. 2. *Declaration of Policy.* – It shall be a policy objective of the  
4 State to assist eligible students to obtain post-secondary technical-vocational  
5 certificates or diplomas from technical-vocational institutes and colleges and  
6 postgraduate degrees from higher education institutions by encouraging banks  
7 and government financial institutions to lend money to eligible students to be  
8 repaid in installments after the student graduates or leaves the educational  
9 institution.

1           SEC. 3. *Definition of Terms.* – For purposes of this Act, the following  
2 terms shall mean:

3           (a) *CHED* refers to the Commission on Higher Education.

4           (b) *Higher Education Institution (HEI)* refers to an educational  
5 institution that is legally authorized to offer a program of education leading to  
6 the conferment of a degree.

7           (c) *TESDA* refers to the Technical Education and Skills Development  
8 Authority as established under Republic Act No. 7796, otherwise known as the  
9 “TESDA Act of 1994”.

10          (d) *Technical-Vocational Institute* refers to a technical-vocational  
11 (tech-voc) education and training institution accredited by the TESDA which  
12 offers any nondegree program at the post-secondary educational level oriented  
13 towards skills proficiency leading to certificate or diploma in preparation for a  
14 particular occupation or group of middle-level occupations.

15          (e) *Lender* refers to a bank or a government financial institution which  
16 provides loans to student-borrowers pursuant to this Act.

17          (f) *Student-borrower* refers to an eligible student with a loan under this  
18 Act.

19          (g) *Eligible student* refers to a student who meets the admission  
20 requirements of a tech-voc institute or HEI and has been accepted for  
21 enrollment in a post-secondary tech-voc institute as a nondegree student or in  
22 an HEI as an undergraduate or postgraduate student.

23          (h) *Priority eligible student* refers to an eligible student who is an  
24 immediate member of a family where no other immediate member of such  
25 family is enrolled in or has completed post-secondary or higher education at  
26 the time of the loan application.

27          (i) *Government financial institutions* refer to financial institutions in  
28 which the government directly or indirectly owns majority of the capital stock

1 and which are registered and directly supervised by the Bangko Sentral ng  
2 Pilipinas (BSP).

3 (j) *Higher Education* refers to college and graduate education or  
4 training in an educational program leading to a degree offered in HEIs. It is  
5 also known as Tertiary Education.

6 (k) *Post-secondary education* refers to education and training in  
7 nondegree vocational and technical courses offered in post-secondary tech-voc  
8 institutions.

9 SEC. 4. *Registration of Student Loan Program under this Act.*

10 -- Banks, whether government or private, and government financial institutions  
11 participating in the student loan program may allot a portion of their loanable  
12 funds for loans to eligible students. Such banks and government financial  
13 institutions participating in the program may be entitled to avail themselves of  
14 the incentives under this Act by the registration of their student loan program  
15 with the BSP.

16 In addition, the BSP shall provide other incentives, which may be  
17 nonmonetary, to banks and government financial institutions participating in  
18 the voluntary student loan program under this Act.

19 SEC. 5. *Loan Coverage.* -- The loan shall cover the cost of the entire  
20 program offered by the HEI or tech-voc institute including, but not limited to,  
21 tuition and miscellaneous fees: *Provided,* That adjustments shall be made in  
22 case of increase in tuition and miscellaneous fees. It shall likewise include an  
23 amount for the cost of attendance, covering necessary expenses of the student  
24 for books, food, transportation, board and lodging and a reasonable allowance  
25 for projects and other school requirements.

26 SEC. 6. *Student-Borrower Number.* -- For proper implementation of  
27 this Act and to better facilitate the collection of the loan, the Social Security  
28 System (SSS) and the Government Service Insurance System (GSIS) shall

1 issue, upon application, an SSS or GSIS number to the student-borrower.  
2 The number so issued shall serve as the permanent SSS or GSIS number of the  
3 student-borrower in case of future employment with the private or government  
4 sector.

5 SEC. 7. *Qualification Requirements of Student-Borrower.* – Any  
6 student-borrower eligible under this Act shall have the following entry  
7 requirements:

8 (a) General entry requirements:

9 (1) Must be a Filipino citizen;

10 (2) Currently enrolled or intends to enroll or reenroll in any of the  
11 priority courses to be determined by the CHED or the TESDA;

12 (3) Has parents or guardians who are SSS or GSIS members or SSS  
13 prior registrants; and

14 (4) Does not currently enjoy any scholarship or study grant.

15 (b) Additional specific entry requirement for priority eligible student:

16 (1) Barangay certification that no other immediate family member of  
17 the student is enrolled or has completed a post-secondary education at the time  
18 of the loan application; or

19 (2) Notarized self-certification that no other immediate family member  
20 of the student is enrolled or has completed a post-secondary education at the  
21 time of the loan application.

22 (c) Other requirements as may be determined by the banks.

23 SEC. 8. *Loan Application.* – Any eligible student-borrower may file  
24 the loan application with a participating bank or government financial  
25 institution. A loan application shall include, among others:

26 (a) The student SSS or GSIS number;

27 (b) The taxpayer's identification number (TIN) in case the student is  
28 employed;

1 (c) The list of expenses which shall include the total tuition fees for the  
2 entire period of attendance to complete the student's course or degree, with a  
3 necessary allowance for any increase that the tech-voc institute or HEI may  
4 rightfully make and the other miscellaneous expenses certified by the  
5 educational institution;

6 (d) A reasonable approximation of the cost of attendance of the student  
7 in the chosen HEI or tech-voc institute which shall include, among others, the  
8 cost of books, board, lodging and transportation expenses;

9 (e) A statement of the student-borrower on the preferred employer in  
10 the future, whether with the private or public sector; and

11 (f) All other requirements that the participating bank or government  
12 financial institution may impose for the proper identification of the student.

13 SEC. 9. *Loan Disbursement.* – Upon approval of the loan application,  
14 the loan shall be disbursed in tranches every semester or trimester, or any other  
15 term of attendance, depending on the academic calendar adopted by the HEI or  
16 tech-voc institute. Any succeeding tranche shall be disbursed on the condition  
17 that the student-borrower completes the term previously enrolled in as certified  
18 by the HEI or tech-voc institute. The tuition and miscellaneous fees payable to  
19 the educational institution shall be disbursed or be made payable directly to the  
20 HEI or tech-voc institute.

21 SEC. 10. *Withholding of Second or Subsequent Disbursement.* – A  
22 lender who receives information that the student-borrower has ceased to be  
23 enrolled before the disbursement of the second or any succeeding installment  
24 shall withhold such disbursement. Any disbursement which is so withheld  
25 shall be credited to the student-borrower's loan and treated as a prepayment  
26 thereon.

27 SEC. 11. *Interest Rate and Tax Exemption.* – For any loan procured  
28 under this Act, lenders shall charge an interest based on the prevailing

1 ninety-one (91)-day Treasury Bill rate at the time of release of the loan to be  
2 paid by the student-borrower and an additional interest of three percent (3%)  
3 or, in case of loans to priority eligible students, an additional interest of five  
4 percent (5%) which shall not be payable by the student, but may be claimed by  
5 the lender as a tax deduction against the total gross receipts tax due and  
6 payable by the banks for the taxable year: *Provided*, That the additional  
7 interest shall be allowed as a tax deduction against the total gross receipts tax  
8 for the same taxable year that the additional interest is due: *Provided, further*,  
9 That the total amount of the additional interest and the claimed tax deduction  
10 shall be subject to proper documentation and to the provisions of the National  
11 Internal Revenue Code, as amended: *Provided, finally*, That gross receipts of  
12 the lender derived from the imposition of the additional interest and the  
13 claimed tax deduction shall be exempted from gross receipts tax under Title V  
14 of the National Internal Revenue Code, as amended.

15 In addition, such loans shall be exempted from payment of documentary  
16 stamp tax.

17 SEC. 12. *Terms and Conditions of Loans.* – Any loan agreement shall:

18 (a) Be evidenced by a note or other written instrument which provides  
19 for repayment of the principal amount of the loan, together with the interest  
20 thereon, in equal installments or when the borrower so requests, in graduated  
21 periodic installments, payable quarterly, bimonthly or monthly at the option of  
22 the student-borrower, over a period beginning not earlier than twenty-four (24)  
23 months after the student-borrower ceases attending the tech-voc institute or  
24 HEI, and ending eight (8) years after such date, except that such period  
25 may begin earlier than twenty-four (24) months upon the request of the  
26 student-borrower;

27 (b) Include a provision for acceleration of repayment of the whole, or  
28 any part, of such loan, at the option of the student-borrower; and

1 (c) Include a provision for preferential employment of the  
2 student-borrower upon graduation.

3 SEC. 13. *Collection.* – A lender shall file a request with the GSIS or  
4 the SSS to collect the repayment of the loan through its system of salary  
5 deduction and withholding. It may likewise enter into an arrangement with the  
6 Philippine Overseas Employment Administration (POEA) and the Overseas  
7 Workers Welfare Administration (OWWA) to ensure collection from the  
8 student-borrower seeking employment abroad.

9 SEC. 14. *Program Administration.* – An interagency team composed  
10 of the CHED, the TESDA, the BSP, the Bankers Association of the Philippines  
11 (BAP), the Chamber of Thrift Banks (CTB) and the Rural Bankers Association  
12 of the Philippines (RBAP) shall jointly be responsible for policy guidance and  
13 direction, monitoring and evaluation of the student assistance program under  
14 this Act. The CHED and the TESDA shall chair and co-chair, respectively, the  
15 said team.

16 SEC. 15. *Implementing Rules and Regulations.* – The CHED, the  
17 TESDA, the Department of Finance and the BSP, in consultation with the SSS,  
18 the GSIS, the Bureau of Internal Revenue (BIR), the Central Credit  
19 Information Corporation (CCIC), the National Bureau of Investigation (NBI),  
20 the POEA, the Coordinating Council of Private Educational Associations  
21 (COCOPEA) and the Philippine Association of State Universities and Colleges  
22 (PASUC), shall promulgate such rules and regulations necessary for the proper  
23 implementation of this Act within ninety (90) days from the effectivity of this  
24 Act.

25 SEC. 16. *Separability Clause.* – If any provision of this Act is  
26 declared unconstitutional or invalid, the other sections or provisions not  
27 otherwise affected shall continue to be in full force and effect.

1           SEC. 17. *Repealing Clause.* – All laws, executive orders, decrees,  
2 instructions, rules and regulations contrary to or inconsistent with any  
3 provision of this Act are hereby amended, repealed or modified accordingly.

4           SEC. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15)  
5 days after its publication in at least two (2) newspapers of general circulation.

Approved,

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