REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA No. 3676	000-00	OT-008-2022

Person to Contact: Chief, Law & Legislative Division
Tel Nos. 926-55-36/927-09-63

Date: JAN 10 2022

Du-Baladad & Associates
20th Floor, Chatham House, Rufino Cor. Valero Sts.
Salcedo Village, 1227 Makati City

Attention: **Atty. Benedicta Du-Baladad**
Founding Partner, Chair & CEO

Gentlemen:

This refers to your request on behalf of your client, **RAMON MAGSAYSAY AWARD FOUNDATION** (**"RMAF"** or the **"Company"** or the **"Foundation"**) for confirmation of your opinion that pursuant to Republic Act (RA) No. 3676, (1) the Company is exempt from payment of taxes and fees, whether national or local; and (2) all gifts, contributions and donations to the Foundation is exempt from payment of donor's tax and shall be considered allowable deductions for purposes of determining the income tax of the donor.

Background

1. The Company is a non-stock, non-profit corporation duly registered with the Securities and Exchange Commission (SEC) under SEC Registration No. dated May 20, 1957. Its principal address is located at 1680 Ramon Magsaysay Center, Roxas Boulevard, Brgy. 699, Zone 76, Malate, Manila. It is registered with the Bureau of Internal Revenue (BIR) on June 11, 1965, with Taxpayer Identification Number (TIN)

2. The purposes for which the Company is formed are as follows: (1) [t]o honor the late Ramon Magsaysay, President of the Philippines, perpetuate his memory, and give concrete recognition and meaning to those ideals which characterized his life and the courageous service which he rendered to his country and the people of the Philippines; (2) [t]o develop a systematic program of annual awards to be known as the Ramon Magsaysay Award for persons in the Philippines and in other countries in Asia whose activities in differend fields of service and endeavor best exemplify the life and ideals of Ramon Magsaysay and his greatness of spirit, integrity and devotion to freedom; (3) [t]o develop programs that will support and promote the leadership qualities of Magsaysay awardees and their

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transformative work; and (4) [t]o acquire properties, real or personal, receive contributions, gifts, bequests, legacies and donations here and abroad from members and non-members who believe in the ideals of Ramon Magsaysay, engage the service of persons and firms, invest its funds, moneys, and properties in such undertakings and pursue such activities as the corporation may desire or need from time to time to carry out its purposes and objectives.[1]

3. On June 22, 1963, Congress enacted RA No. 3676 exempting the Company from payment of all taxes, whether national or local.

In reply, please be informed that the tax exemption of RMAF is expressly provided under Sections 1 and 2 of RA No. 3676, otherwise known as "An Act Exempting the Ramon Magsaysay Award Foundation from the Payment of Taxes and Fees, Whether National or Local, As Well As Constructions, Gifts and Donations Given Thereto," *viz*:

> *"SECTION 1. The provisions of existing laws or ordinances to the contrary notwithstanding, the* ***Ramon Magsaysay Award Foundation shall be exempt from the payment of all taxes, whether national or local****, and from such fees and other charges as are or may be imposed by the Central Bank or other government entities.*
>
> *SECTION 2.* ***All gifts, contributions and donations to the Foundation shall be considered allowable deductions for purposes of determining the income tax of the donor, and shall be exempt from the payment of the taxes imposed under Title III of the National Internal Revenue Code.****"* (Emphasis provided.)

Moreover, BIR Ruling No. 301-87 dated September 23, 1987 had occasion to rule that the exemption granted to RMAF has not been withdrawn by Executive Order No. 93 as stated in the Memorandum to the Commissioner of Internal Revenue by then Secretary of Finance Jaime Ongpin, as follows:

> "Memorandum dated December 12, 1986 of the Honorable, the Minister (now Secretary) of Finance, a copy of which you furnished this Office, which states that the establishment of the RMAF, a non-profit, non-stock philanthropic foundation, is covered by an exchange of letters between former President Carlos P. Garcia and the Rockefeller Brothers Fund which letters partake the nature of an international agreement. Inasmuch as the tax and duty incentives of those covered by an international agreement to which the Government of the Philippines is a signatory have not been withdrawn by Executive Order No. 93, RMAF is exempt from the payment of documentary stamp tax on the 20 commercial checkbooks printed by you."

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[1] Article 2, Amended Articles of Incorporation of Ramon Magsaysay Award Foundation.

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On the other hand, Section 34 (H)(1) of the National Internal Revenue Code of 1997 (Tax Code), as amended, provides:

> "***SEC. 34. Deductions from Gross Income.*** *- ... in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there shall be allowed the following deductions from gross income:*
>
> ***(H) Charitable and Other Contributions.*** *-*
>
> ***(1) In General.*** *– Contributions or gifts actually paid or made within the taxable year to, or for the use of . . . accredited domestic corporations or associations organized and operated exclusively for . . . cultural or educational purposes . . . or to ncngovernment organizations, in accordance with the rules and regulations promulgated by the Secretary of Finance, upon the recommendation of the Commissioner, no part of the net income of which inures to the benefit of any private stockholder or individual in an amount not in excess of ten percent (10%) in the case of an individual, and five percent (5%) in the case of a corporation, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of this and the following subparagraphs."*

Notwithstanding the provision of Section 34 (H)(1) of the Tax Code, as amended, donations to RMAF, as provided in RA No. 3676 shall be deductible in full and shall not be included for purposes of computing the maximum amount deductible under the aforecited provision of the Tax Code, as amended, pursuant to RA No. 3676.

IN VIEW OF THE FOREGOING, this Office confirms your opinion that: (1) RMAF is exempt from payment of national internal revenue taxes ex. income tax, withholding tax[2], donor's tax, value-added tax, and documentary stamp tax[3] for which it is directly liable; and (2) donations to it shall be considered allowable deductions for purposes of determining the income tax of the donor.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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[2] BIR Ruling No. DA-304-07 dated May 16, 2007 and BIR Ruling No. 12-80 dated September 18, 1980.
[3] BIR Ruling No. 301-87 dated September 23, 1987.