REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 32 (B) (7) (a) of the National Internal Revenue Code of 1997, as amended
BIR Ruling No. 051-2012
CT - 084 - 2021
MAR 18 2021

INTERNATIONAL FINANCE CORPORATION
23rd Floor, One Global Place, 5th Ave. corner 25th St.
Bonifacio Global City, Taguig City

Attention: **JESSE O. ANG**
Resident Representative

Gentlemen:

This refers to your request for confirmation that dividends paid made to International Finance Corporation ("IFC" for brevity) by Energy Development Corporation ("EDC" for brevity) are exempt from Philippine income tax and consequently from withholding tax pursuant to Section 32 (B) (7) (a) of the National Internal Revenue Code of 1997, as amended.

It is represented that IFC is an international organization established by the Articles of Agreement among its member countries including the Republic of the Philippines (the "Articles of Agreement"). The Articles of Agreement, specifically Article VI, Section 9 provides for IFC's immunity from all taxation and from all customs duties on its assets, property, income, and its operations and transactions, and from liability for the collection or payment of any tax or duty. The Republic of the Philippines is a signatory of the Articles of Agreement by virtue of Republic Act No. 1604 (1956) which authorized the membership of the Republic of the Philippines in IFC and its accession to the Articles of Agreement.

IFC is the legal and beneficial owner of shares of stock of EDC. On February 28, 2014, EDC declared cash dividends on its outstanding shares of stock which entitled IFC to cash dividends of from EDC which was paid on April 10, 2014. Hence, this request.

In reply, please be informed that income derived from investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financial institutions established by foreign governments are exempt from income tax[1].

Section 32 (B) (7) (a) of the National Internal Revenue Code of 1997, as amended, provides, to wit:

"SEC. 32. Gross Income. —

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(B) Exclusions from Gross Income. — The following items shall not be included in gross income and shall be exempt from taxation under this Title:

[1] BIR Ruling No. 051-12 dated February 9, 2012

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(7) Miscellaneous Items. —

(a) Income Derived by Foreign Government. — Income derived from investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financial institutions established by foreign governments."

Considering that IFC is an international organization established by foreign governments, its investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on its deposits in banks in the Philippines, including its dividend income on the EDC common shares, are not subject to Philippine income tax and consequently to any withholding tax.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed 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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