REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**

Quezon City

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| Sec. 30 of the Tax Code of 1997, as amended; | 000-00 | #085-2016 |

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

Date: March 14, 2016

**ROBINSON'S CALASIAO UNITED TRANSPORT ASSOCIATION INC.**
Brgy. San Miguel
Calasiao, Pangasinan

Attention : **RAMIL M. DELA CRUZ**
President

Gentlemen:

This refers to your letter dated January 12, 2012, requesting for tax exemption pursuant to Section 30(C) of the Tax Code of 1997, as amended.

It is represented that Robinson's Calasiao United Transport Association, Inc. (TIN: ), is a non-stock, non-profit corporation duly organized under the laws of the Philippines; that it is registered with the Securities and Exchange Commission (SEC) under Registration No. and that the purposes for which it was incorporated are, to wit:

> "To foster a stronger and more active fellowship and comradeship among its member, unite and organize all persons engaged in transporting passengers to and from Robinson's Place Calasiao, Pangasinan, to maintain and regulate the orderly flow of traffic therein, and to lease, manage, operate or acquire parking places for public transportation."

In reply, please be informed that Section 30 (C) of the Tax Code of 1997, as amended provides, viz:

> *"Sec.30. Exempt from Tax on Corporations. – The following organizations shall not be taxed under this Title in respect to income received by them as such:*
>
> *xxx*
>
> *(C) A beneficiary society, order or association, operating for the exclusive benefit of the members such as a fraternal organization operating under the lodge system, or a mutual aid association or a non-stock corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members of such society, order, or association, or non-stock corporation or their dependents; xxx."*

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Exempt corporations under the above provision are as follows:

1. A beneficiary society, order or association, operating for the exclusive benefit of the members such as fraternal organization operating the lodge system; and
2. Mutual aid association or a non-stock corporation organized by employees.

Both for the purpose of providing for the payment of life, sickness, accident or other benefits exclusively to the members of such society, order or association or non-stock corporation or their dependents.

It must be emphasized that the beneficiary society, order or association such as fraternal organization must be operating under the lodge system. Said classification was defined in Revenue Regulations No. 2 as follows:

> *SECTION 27. Fraternal Beneficiary Societies. — A fraternal beneficiary society is exempt from tax only if operated under the "lodge system", or for the exclusive benefit of the members of a society so operating. "Operating under the lodge system" means carrying on its activities under a form of organization that comprises local branches, chartered by a parent organization and largely self-governing, called lodges, chapters, or the like. In order to be exempt, it is also necessary that the society should have an established system for payment to its members or their dependents of life, sick, accident, or other benefits.*

Verily, it appears that Robinson's Calasiao United Transport Association, Inc. does not fall within the purview of an association contemplated under the above cited provisions. The purpose of the subject transport association is to foster a stronger and more active fellowship and comradeship among its members, unite and organize all persons engaged in transporting passengers to and from Robinson's Calasiao Pangasinan, to maintain and regulate the orderly flow of traffic therein, and to lease, manage, operate or acquire parking places for public transportation. Further, in general, transport associations or TODAs does not provide for the payment of its members or their dependents of life, sick, accident or other benefits. The conditions of providing benefits to the members or their dependents is vital to qualify the association as exempt corporation.

Accordingly, considering that the conditions set forth under Sec 30(C) of the Tax Code of 1997, as amended were not satisfied, Robinson's Calasiao United Transport Association, Inc. is not qualified as Exempt Corporation under Sec 30(C) of the Tax Code of 1997, as amended.

Very truly yours,

**KIM S. JACINTO-HENARES**
Commissioner of Internal Revenue

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