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

Bureau of Internal Revenue Ruling

		#086-2016

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

Date: March 14, 2016

Daan Para sa Kabataan Foundation, Inc.
2940 C-4 Apelo Cruz St.,
Pasay City

Attention: **Lita L. Tabifranca**
Executive Officer

Gentlemen:

This refers to your undated letter requesting for confirmation of Daan Para sa Kabataan Foundation, Inc. as an exempt organization under Section 30 (E) of the National Internal Revenue Code of 1997, as amended (NIRC).

It is represented that Daan Para sa Kabataan Foundation, Inc. is a social development agency registered with the Securities and Exchange Commission with the following purposes:

> To provide opportunities for children to attain higher education.
> To develop potentials, skills and capabilities to bring about people's empowerment and uplift their socio-economic condition.
> To provide effective programs and services that address the needs of the beneficiaries children, family and community.
> To heighten awareness of the children and youth regarding social issues that affect them.

Section 30 (E) provides for exemption of nonstock corporations or associations organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans, no part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer or any specific person.

Along with police power and eminent domain, taxation is one of the three basic and necessary attributes of sovereignty. Thus, the State cannot be deprived of this most essential power and attribute of sovereignty by vague implications of law. Rather, being

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derogatory of sovereignty, the governing principle is that tax exemptions are to be construed in strictissimi juris against the taxpayer and liberally in favor of the taxing authority; and he who claims an exemption must be able to justify his claim by the clearest grant of statute.

Tax exemptions must be construed strictly against the taxpayer and liberally in favor of the taxing authority. The burden of proof rests upon the party claiming exemption to prove that it is in fact covered by the exemption so claimed. In case of doubt, non-exemption must be favored. Taxes being the lifeblood of the government that should be collected without unnecessary hindrance, every precaution must be taken not to unduly suppress it. (BIR Ruling No. 310-2011 dated August 22, 2011)

A perusal of the documents submitted by Daan Para sa Kabataan Foundation, Inc. shows that its purpose is not among those enumerated under Section 30(E) of the NIRC. It does not qualify as a charitable organization because although its articles of incorporation state that its purposes are to help children and youth, it does not follow that the beneficiaries are those who are poor and impoverished.

IN VIEW OF THE FOREGOING, this Office is of the opinion that Daan Para sa Kabataan Foundation, Inc. does not qualify for exemption under Section 30(E) of the NIRC. It is therefore liable for income taxes imposed under Title II of the NIRC.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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