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

Section 30 of Tax Code of 1997, amended
BIR Ruling No. 357-013
#101-2016
4-5-2016

NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.
No. 4-A Alcal Building
Katipunan Avenue, Loyola Heights
Quezon City

Attention: **Jayson D. Petras**
Corporate Secretary

Gentlemen:

This refers to your letter received by Revenue District Office No. 39, South Quezon City on 30 May 2014 and forwarded to this office by Revenue Region 7, Quezon City through 3rd Indorsement dated 25 June 2014 requesting for the issuance of a certificate of tax exemption enjoyed by a non-stock corporation or association under Section 30(E) of the Tax Code of 1997, as amended.

It is represented that **NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.,** with Taxpayer Identification Number (TIN) , is organized as a non-stock, non-profit corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No. dated 14 January 2011; and that the purposes for which **NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.** are to:

1) *"Develop a critical mass of individuals and groups who will promote Sikolohiyang Pilipino";*
2) *"Advocate for the promotion of Sikolohiyang Pilipino in the different disciplines and sectors of Filipino society";*
3) *"Compile and organized materials on Filipino culture and society, and Sikolohiyang Pilipino"; and*
4) *"Promote the use of perspectives and methodologies that are based on the resources of Filipino culture and society, and Sikolohiyang Pilipino".*

In reply, please be informed that Section 30 of the Tax Code of 1997, amended, provides:

SECTION 30. Exemptions from Tax on Corporations.- The following organizations shall not be taxed under this Title in respect to income received by them as such:

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> *(E) Non stock corporation or association 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 inure to the benefit of any member, organizer, officer or any specific person;*
>
> *x x x*
>
> *Notwithstanding the provisions in the preceding paragraphs, the income of whatever kind and character of the foregoing organizations from any of their properties, real or personal, or from any of their activities conducted for profit regardless of the disposition made of such income, shall be subject to tax imposed under this Code.*

The enumerated purposes of **NATIONAL ASSOCIATION OF SIKOLOHIYANG PILIPINO, INC.** under its Articles of Incorporation as stated in the preceding paragraphs, do not appear to fall within the contemplation of the foregoing exempt corporations under subparagraph (E) of Section 30 of the Tax Code of 1997, as amended.

While the Articles of Incorporation state that the incorporators voluntarily formed **NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.** as a non-stock, non-profit corporation, it has to prove by actual operation that it is really a corporation contemplated under Section 30 of the Tax Code of 1997, as amended.

Being a non-stock and non-profit corporation does not, by this reason alone, completely exempt an institution from tax. Thus, statues granting tax exemptions are construed *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority.[1] A claim of tax exemption must be clearly shown and based on language in law too plain to be mistaken. Otherwise stated, taxation is the rule, exemption is the exception. The burden of proof rests upon the party claiming the exemption to prove that it is in the fact covered by the exemption so claimed.[2] *(BIR Ruling No. 357-2013 dated September 26 2013).*

Evaluation of its submitted manner of operations *(modus operandi)*, certificate of past, present and proposed activities, as well as its financial statements from 2011 to 2013 reveal that the corporation's sources of income are from its receipts of grants and donations, conference fees and sponsorships as well as membership fees, sale of related materials such as books and pins; and that its regular activities usually involve the conduct of seminars, conferences or research and training programs to promote Filipino psychology *(Sikolohiyang Pilipino)* and the study thereof. Financial statements show

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[1] Commissioner of Internal Revenue vs. St. Luke's Medical Center, Inc. [G.R. No. 195960,26 September 2012]

[2] [2]Quezon City and The City Treasurer of Quezon City vs. ABS-CBN Broadcasting Corporation [G.R. No. 166408, 6 October 2008]

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the corporations' disbursements which relate to direct costs of the conferences and seminars conducted as well as administrative expenses.

From the foregoing activities undertaken by herein corporation invoking to be one contemplated under Section 30(E) of the Tax Code of 1997, as amended, it failed to prove that it is organized and operated exclusively for *"religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans"*.

Wherefore, your request for tax exemption of **NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.** as non-stock, non-profit corporation under Section 30 of the Tax Code of 1997, as amended, is hereby denied for lack of legal basis. **NATIONAL ASSOCIATION FOR SIKOLOHIYANG PILIPINO, INC.** shall be treated as an ordinary corporation subject to regular corporate income tax under Section 24 of the Tax Code of 1997, as amended as well as applicable internal revenue taxes imposed by the same Tax Code.

Please be guided accordingly.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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