REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sections 27 (D)(1), 30 (C); 105 of the Tax Code of 1997, as amended	000-00	: 105-2018 1-31-2018

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

CARMELRAY INDUSTRIAL PARK II ASSOCIATION, INC.
Km 54 National Highway
Calamba City, Laguna

Attention: **RICKIE M. SARQUE**
Corporate Secretary

Gentlemen:

This refers to your letters dated May 15, 2012 and August 6, 2012 duly indorsed by Revenue Region No. 9- San Pablo City, requesting for tax exemption pursuant to Section 30 (C) of the Tax Code of 1997, as amended.

It is represented that Carmelray Industrial Park II Association, Inc. with Taxpayer's Identification No. , 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 with SEC Certificate of Incorporation dated September 1, 2006; that the purpose for which it was incorporated is to promote, serve and safeguard the best interest, well-being, and welfare of the locators, lessees, occupants and lot owners of the Carmelray Industrial Park II (hereinafter the "Park") located in Calamba, Laguna, Philippines; to provide adequate facilities and services for its members and locators; to assist in the development of the Park; and to operate, manage, and maintain the Park in accordance with the rules and regulations of the Association or government agencies, as well as applicable laws; and that it has no operations since time of its incorporation last September 1, 2006 with SEC.

In reply, we regret to inform you that we cannot grant your request for lack of factual and legal basis since your corporation is not among those exempt corporations under Section 30 of the Tax Code of 1997, as amended.

Thus, the amounts paid in as dues or fees by members and tenants form part of the gross income subject to income tax. This is because Carmelray Industrial Park II Association, Inc. furnishes its members and tenants with benefits, advantages, and privileges in return for such payments. For tax purposes, the association dues, membership fees, and other assessments/charges collected by a Carmelray Industrial

Park II Association, Inc. constitute income payments or compensation for beneficial services it provides to its members and tenants.

Moreover, Section 105 of the National Internal Revenue Code of 1997, as amended, provides:

> *"SECTION 105. Persons Liable. – Any person who, in the course of trade or business, sells, barters, exchanges, leases goods or properties, renders services, and any person who imports goods shall be subject to the value-added tax (VAT) imposed in Sections 106 to 108 of this Code.*
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> *xxx xxx xxx*
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> *The phrase 'in the course of trade or business' means the regular conduct or pursuit of a commercial or an economic activity, including transactions incidental thereto, by* ***any person regardless of whether or not the person engaged therein is a nonstock, non-profit private organization (irrespective of the disposition of its net income and whether or not it sells exclusively to members or their guests)****, or government entity."* (Emphasis supplied)

Accordingly, the income of Carmelray Industrial Park II Association, Inc. from association dues, membership fees, and other assessments/charges is subject to VAT & income tax. Moreover, income payments made to it are subject to applicable withholding taxes under existing regulations.

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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