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

Sec 101(A)(3) of the Tax Code of 1997
BIR Ruling No. 232-13
#120-2016 4-12-2016

FOUNDATION OF THE MISSION OF THE IMMACULATE MEDIATRIX OF GRACE INC.
Purok 4, Brgy. San Jose
Talamban, Cebu City

Attention: **FIDEL (CRUCIFIXO MA.) A. HONGAYO, FI**
Corporate Secretary

Gentlemen:

This refers to your letter dated April 22, 2013 duly indorsed by Revenue Region No.13-Cebu, requesting for the issuance of a Certificate of Tax Exemption from Donor's Tax on the donation of real property by Seven Joys of Mary Foundation, Inc. pursuant to Section 101 (A) (3) of the Tax Code of 1997, as amended.

Documents submitted disclosed that Seven Joys of Mary Foundation, Inc. (TIN) is the registered owner of a parcel of land identified as Lots No. 66 and 67 of the Subdivision plan PSD-58913, sheet 4, being a portion of Lot 30-D of plan PSD-5107 with areas of One Thousand Six Hundred Fifty square meter (1,656 sq.m.) and Thirty Eight Thousand Three Hundred Two square meters (38,302 sq.m.) covered Transfer Certificates of Title (TCT) Nos. and , respectively; that Foundation of the Mission of the Immaculate Mediatrix of Grace Inc. (TIN), on the other hand, is a religious corporation duly organized and existing under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) under SEC Registration No. and that on January 15, 2013, a Deed of Donation covering the subject properties was executed by Seven Joys of Mary Foundation, Inc. (represented by Juliet S. Del Mundo) in favor of the Foundation of the Mission of the Immaculate Mediatrix of Grace Inc. (represented by Joseph Leandroh C. Rosales).

In reply, please be informed that gifts in favor of educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization is exempt from the payment of the donor's tax pursuant to Section 101 (A) (3) of the Tax Code of 1997, as amended, subject to the condition that not more than thirty percent (30%) of said gift shall be used by the donee for administration purposes. ((BIR Ruling No. 232-13 dated June 20, 2013)

040378

Inasmuch as the Foundation of the Mission of the Immaculate Mediatrix of Grace Inc. is a religious corporation, any donation to it is exempt from the payment of donor's tax pursuant to the above provisions of the Tax Code subject to the condition that not more than 30% of said gift shall be used by the donee for administration purposes. Since this is a donation of real property, the Register of Deeds shall annotate this condition at the back of the title because failure to comply with the said condition shall be a ground for the revocation of the exemption from donor's tax. (BIR Ruling No. 232-13 dated June 20, 2013)

Moreover, Section 185 of Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the Tax Code, provides that conveyances of realties not in connection with a sale, to trustees or other persons without consideration are not taxable. Accordingly, the deed of donation is likewise not subject to the documentary stamp tax prescribed under Section 196 of the Tax Code, as amended, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Code. (BIR Ruling No. 232-13 dated June 20, 2013)

It is to be noted that if the same property acquired by donation is subsequently conveyed by way of sale or exchange, the sale will be subject to corporate income tax on the gain realized which is determined by deducting from the gross selling price the historical cost or the adjusted basis thereof, as it would be in the hands of the donor, pursuant to Section 27 in relation to Section 101, both of the Tax Code of 1997, as amended, and consequently to the creditable expanded withholding tax under Section 2.57.2 of Revenue Regulations No. 2-98, as amended. Also, if the Foundation of the Mission of the Immaculate Mediatrix of Grace Inc. donates the same property donated to it to a non-exempt donee, then it shall be liable for donor's tax pursuant to Section 98 of the Tax Code of 1997, as amended. (BIR Ruling No. 232-13 dated June 20, 2013)

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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

K-1-JRC

040378
APR 11 2016