October 22, 2018

BIR RULING NO. 1288-18

Sec. 34 (H); Sec. 101, NIRC

PGA Geopier Philippines, Inc.
#17 Scout De Guia St., Laging Handa District IV
Quezon City 1103

Attention: *AAA*

Gentlemen :

This refers to your letter dated March 10, 2017 requesting that the donations made by **PGA GEOPIER PHILIPPINES, INC.** in favor of UP Engineering Research & Development Foundation, Inc. are exempt from the payment of donor's tax and that the same be fully deductible from the gross income of the said donor in accordance with Sections 34 (H) (2) (c) (1) and 101 (A) (2) [1] of the National Internal Revenue Code of 1997, as amended.

It is represented that UP Engineering Research & Development Foundation, Inc. with BIR Taxpayer's Identification No. (TIN) 000-000-000-000, is a non-stock, non-profit association duly organized and existing under the laws of the Republic of the Philippines; that it is registered with the Securities and Exchange Commission (SEC) under Company Registration No. 48228; and that the said Foundation has been accredited by the Philippine Council for NGO Certification for a period of five years, from February 6, 2015 to February 5, 2020.

In reply, please be informed that Section 101 (A) (2) of the National Internal Revenue Code of 1997, as amended, provides that donations in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited non-government organization, trust or philanthropic organization or research institution or organization are exempt from the payment of donor's tax subject to the condition that not more than 30% of the amount of the gift, shall be used by it for administration purposes. Such being the case, if not more than 30% of the cash gift made by PGA Geopier Philippines, Inc. to the U.P. Engineering Research and Development Foundation, Inc. is used for administration purposes, then the amount donated by PGA Geopier Philippines, Inc. shall

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be exempt from donor's tax.

Furthermore, under Section 34 (H) (2) (c) (1) of the Tax Code of 1997, as amended, it is provided that donations to a non-profit domestic corporation organized and operated exclusively for scientific, research, educational, character building and youth and sports development, health, social welfare, cultural or charitable purposes or a combination thereof, no part of the net income of which inures to the benefit of any private individual, shall be deductible in full from the taxable business income of the donor provided that the conditions of utilization and level of administrative expense requirements set forth under Sec. 34 (H) (2) (c) of the Tax Code of 1997, among others, are complied with. Accordingly, this Office is of the opinion as it hereby holds that for income tax purposes, the cash donation of PGA Geopier Philippines, Inc. in the amount of P1,000,000.00 to U.P. Engineering Research and Development Foundation, Inc. is deductible in full from the former's gross income if the conditions set forth under the said Section of the Tax Code are complied with.

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,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Footnotes

1. Renumbered by Republic Act No. 10963.

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