October 23, 2018

BIR RULING NO. 1295-18

Sec. 30 (E) of the 1997 NIRC, as amended;
Sec. 5 of RMO No. 20-2013; RA 4481, PD
1955; and EO 93; 000-00

Catholic Relief Services-United States
Conference of Catholic Bishops
470 Gen. Luna St., Intramuros
1022 Manila

Attention: *AAA*

Gentlemen :

This refers to your letter dated October 10, 2016, received via indorsement dated January 13, 2017 from Revenue Region No. 6, Manila, requesting for issuance of a certificate of tax exemption pursuant to Section 30 (E) of the National Internal Revenue Code of 1997, as amended.

It is represented that **CATHOLIC RELIEF SERVICES-UNITED STATES CONFERENCE OF CATHOLIC BISHOPS (CRS-USCCB)**, with BIR Taxpayer's Identification No. (TIN) 000-000-000-000 and Certificate of Registration No. OCN 1RC0000623129 dated June 30, 1994, is a non-stock, non-profit corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No. F-1257; and that the purpose for which the association was incorporated is to provide assistance and services in their identified areas of operation in consonance with national development policy with periodic consultation and technical assistance from the Ministry of Social Services and Development (DSWD).

In reply, please be informed that Section 30 (E) exempts from income tax non-stock 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

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any specific person.

A perusal of the documents submitted shows that, on September 20, 1989, the Securities and Exchange Commission (SEC) granted Catholic Relief Services, NCWC *(now CRS-USCCI)*, a foreign corporation organized and existing under the laws of the District of Columbia, USA, a license to establish a branch office in the Philippines in the name of Catholic Relief Services-USCC, Inc. (*now Catholic Relief Services-United States Conference of Catholic Bishops* [CRS-USCCB]) and transact business under Company Registration No. 1257 which was later amended to F-1257. Thus, it is a branch of a foreign corporation which accordingly under Section 5 of Revenue Memorandum Order No. 20-2013 cannot qualify as a tax-exempt corporation under Section 30 of the NIRC, as amended.

Moreover, Republic Act No. 4481, dated June 19, 1965, which granted exemption to Catholic Relief Services, NCWC [now Catholic Relief Services-United States Conference of Catholic Bishops (CRS-USCCB)] from the payment of "x x x gift, franchise, specific, percentage, real property and all other taxes, duties and fees provided under existing laws and ordinances," was repealed by Presidential Decree No. 1955 *(Withdrawing, Subject to Certain Conditions, the Duty and Tax Privileges Granted to Private Enterprises and/or Persons Engaged in Any Economic Activity, and for Other Purposes)* dated October 10, 1984, which read as follows:

"xxx xxx xxx

> Section 1. The provisions of any special or general law to the contrary notwithstanding, all exemptions from or any preferential treatment in the payment of duties, taxes, fees, imposts and other charges heretofore granted to private business enterprises and/or persons engaged in any economic activity are hereby withdrawn, x x x."

Further, on December 17, 1986, Executive Order (EO) No. 93 was issued by then Pres. Corazon C. Aquino withdrawing all tax and duty exemptions privileges including the preferential tax treatment of government and private entities with certain exceptions, in order that the requirements of national economic development, in terms of fiscal and other resources, may be met more adequately.

In view of the foregoing, the request of **CATHOLIC RELIEF SERVICES-UNITED STATES CONFERENCE OF CATHOLIC BISHOPS (CRS-USCCB)** to be exempted from income tax on its income as a Section 30 (E) corporation is hereby denied for lack of legal basis. It shall be treated as an ordinary corporation subject to regular corporate income tax and the applicable internal revenue taxes such as Value-Added Tax (VAT) or Percentage Tax imposed by the Tax Code of 1997, as

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amended.

Please be guided accordingly.

Very truly yours,

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

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