November 15, 2018

BIR RULING NO. 1349-18

R.A. 8525; RR 10-03; Ruling No. 223-11

Alsons Development & Investment Corporation
329 Bonifacio St., Davao City 8000

Attention: *AAA*

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Gentlemen :

This refers to the letter applications dated December 2, 2011 filed by **Alsons Development & Investment Corp. ("ALDEVINCO")** with the Large Taxpayer's Service (LTS) and indorsed to this Office requesting the availment of tax incentives under Adopt-A-School Act of 1998 or R.A. 8525 covering the following donations:

Project Donated	Donated Amount	Date of Deed of Donation	Date of MOA
Repair and rehabilitation of five [1] (5) school buildings of San Jose Elementary School in Eden, Toril, Davao City	PHP_____	12/29/2009	5/15/2009
Wage Subsidy one (1) non-DepEd teaching plantilla of San Jose Elementary School in Eden, Toril, Davao City for the period June to December 2009	PHP_____	12/29/2009	04/01/2009
Wage Subsidy of three (3) non-DepEd teaching plantilla of Cabantian National High School located in Cabantian, Davao City, for the period January to March 2009	PHP_____	12/29/2009	08/10/2009
Wage Subsidy one (1) non-DepEd teaching plantilla	PHP_____	03/09/2011	04/01/2009

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of San Jose Elementary School in Eden, Toril, Davao City for the year 2010			
TOTAL	PHP_____		

Each of the foregoing donations made were supported by the following:

1) Photocopy of the Memorandum of Agreement;

2) Photocopy of the Deed of Donation;

3) Photocopy of the Deed of Acceptance;

4) Photocopy of the endorsement letter from the DepEd Secretary;

5) Photocopies of the Summary of Payments and Vouchers (for wage subsidies); and

6) Photocopy of the Summary of Expenses and the receipts/vouchers (for the repair and rehabilitation of 5 school buildings).

In reply, please be informed that Revenue Regulations (RR) No. 10-2003 implementing R.A. No. 8525, otherwise known as "An Act Establishing an 'Adopt-a-School Program,' Providing Incentives Therefor, and for Other Purposes," provides for the procedure in availing of said incentives:

> "SECTION 6. Procedures for the Availment of Tax Incentives under the Program by the Adopting Private Entity. In order to avail of the tax incentives provided for under these Regulations, the following procedures and requirements should be complied with, *viz.*:
>
> (a) National Secretariat shall endorse to the RDO of the Bureau of Internal Revenue (BIR) having jurisdiction over the place of business of the adopting private entity, copy furnished the RDO having jurisdiction over the property if the donation or contribution is in the form of real property, the following:
>
> (i) Duly notarized/approved Agreement;
>
> (ii) Duly notarized Deed of Donation;
>
> (iii) Official receipts or any document showing the actual value of the contribution/donation;
>
> (iv) Certificate of Title and Tax Declaration, if the donation is in the form of

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real property; and

(v) Other adequate records showing the direct connection or relation of the expenses being claimed as deduction/donation to the adopting private entity's participation in the Program, as well as showing or proving receipt of the donated property.

(b) Adopting private entity shall submit application for entitlement to the additional 50% special deduction from the gross income, and for exemption from donor's tax to the RDO having jurisdiction over the place of business of the adopting private entity, copy furnished the RDO having jurisdiction over the donated real property.

Considering that the foregoing Revenue Regulations is clear on the conditions and substantiation requirements that must be satisfied by ALDEVINCO before it is allowed to claim the incentives under the Adopt-A-School Program of R.A. 8525, and that it has already submitted its application with the LTS as a large taxpayer within its jurisdiction, this Office sees no need to issue a Ruling on the availment of incentives by ALDEVINCO in relation to the foregoing donations it made to San Jose Elementary School in Eden, Toril, Davao City and Cabantian National High School located in Cabantian, Davao City. Furthermore, a Letter of Authority has been issued by the LTS covering taxable year 2010 when some of the donations were made and an audit examination was conducted on the herein application and its supporting documents.

For purposes of ALDEVINCO's entitlement to the full deductibility of the contribution/donation from gross income of the donor under Section 34 (H) (2) (a) of the Tax Code of 1997, [2] as amended. ALDEVINCO must present a certification from the NEDA that the contribution/donation to San Jose Elementary School in Eden, Toril, Davao City and Cabantian National High School located in Cabantian, Davao City are in accordance with priority programs, projects and activities included in the current National Priority Plan. Otherwise, donations not in accordance with the National Priority Plan is subject to limited deductibility or deductions to an amount not exceeding 10% in the case of an individual and 5% in the case of a corporation of the taxpayer's taxable net income as computed without the benefit of this deduction. (BIR Ruling No. 223-11 dated July 12, 2011)

Please be guided accordingly.

Very truly yours,

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

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Footnotes

1. Deeds of Donation & Acceptance state five (5) buildings; MOA and Application Letter state six (6) buildings.
2. "(a) Donations to the Government. — Donations to the Government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government corporations, exclusively to finance, to provide for, or to be used in undertaking priority activities in education, health, youth and sports development, human settlements, science and culture, and in economic development according to a National Priority Plan determined by the National Economic and Development Authority (NEDA), in consultation with appropriate government agencies, including its regional development councils and private philanthropic persons and institutions; Provided, That any donation which is made to the Government or to any of its agencies or political subdivision not in accordance with the said annual priority plan shall be subject to the limitations prescribed in paragraph (1) of this Subsection."

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