REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

60(B) NIRC
BIR Ruling No. 076-2012
4-203-2017
4-20-2017

Home Development Mutual Fund Employee Provident Plan
41st Floor, Petron Mega Plaza
Sen. Gil Puyat, Makati City

Attention: **Florentino E. España, Jr.**
Chairman

Gentlemen:

This refers to your letter dated August 17, 2011 requesting on behalf of **Home Development Mutual Fund Employees' Provident Plan** ("**Provident Plan**") revalidation of the tax exemption of the Fund on income derived from its investments specifically from the government securities issued by the Bureau of Treasury.

In reply thereto, please be informed that Section 60 (B) of the Tax Code of 1997 provides that:

> "Sec. 60 (B) Exception. — The tax imposed by Title II shall not apply to employees' trust which forms part of a pension, stock bonus, or profit-sharing plan of an employer for the benefit of some or all of his employees (1) if contributions are made to the trust by such employer, or employees, or both for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, and (2) if under the trust instrument it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees. . ."

The above-cited provision lays down the following requirements in order that the earnings of a retirement fund may be exempt from income tax, to wit: 1) the contributions are made to the trust by the employer, or employees, or both; 2) such contributions are made for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan; and 3) under the trust instrument it is impossible (in the taxable year and at any time thereafter prior to the satisfaction of all liabilities with respect to employees under the trust) for

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any part of the corpus or income to be used for, or diverted to, purposes other than for the exclusive benefit of the employees.

Considering that the above conditions are met by the Provident Plan, its earnings from investments, including those from the government securities issued by the Bureau of Treasury, remain exempt from income tax pursuant to Section 60 (B) of the Tax Code of 1997, as amended. It must be emphasized, however, that in its investment activities, no part of the corpus or income of the Fund shall be used for or diverted to purposes other than for the exclusive benefit of the member- employees/officials or their beneficiaries. (*BIR Ruling No. 076-2012* dated February 15, 2012)

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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