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

Section 30 (E) of the NIRC of 1997, as amended; RMO No. 20-2013; RMC No. 051-14
BIR Ruling No. 466-2014
SDOE- 0205 - 2020
MAR 10 2020

CHURCH STRENGTHENING MINISTRY, INC.
CSM Bldg., Pascor Drive, Santo Niño
Parañaque City

Attention: **ARWENA B. ULLA**
CSMI Finance Manager

Gentlemen:

This refers to your letter dated February 22, 2018, as indorsed by the Regional Director, Revenue Region No. 8, Makati City, through 2nd Indorsement dated April 16, 2018, requesting on behalf of **CHURCH STRENGTHENING MINISTRY, INC.** for tax exemption certificate being enjoyed by non-stock, non-profit corporation or association under Section 30 (E) of the National Internal Revenue Code (NIRC) of 1997, as amended.

It is represented that **CHURCH STRENGTHENING MINISTRY, INC.** with BIR Taxpayer's Identification No. (TIN) and Certificate of Registration No. OCN dated May 19, 2017, 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. ; and that the purpose for which the association was incorporated is to publish, produce, promote and market Christian materials in any format deemed appropriate (print, video, digital, etc.) in order to strengthen churches and share about salvation through Jesus Christ in the Philippines and around the world.

In reply, please be informed that Section 30 (E) of the Tax Code of 1997, as amended, exempts from income tax a non-stock, non-profit 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 any specific person.

A common characteristic of the organizations or associations exempt under Section 30 (E) of the Tax Code of 1997, as amended, is that they must not be organized and operated principally for profit. Moreover, the last paragraph of Section 30 of the Tax Code of 1997, as amended, clearly states that the income of whatever kind and character of these organizations from any of their properties, real or personal, or from any of their activities conducted for profit regardless of the disposition made of such income, shall be subject to tax.

Please bear in mind that, "*being a non-stock and/or non-profit corporation does not, by this reason alone, completely exempt an institution from tax.*"[1] Thus, "*statutes granting tax exemptions are construed* ***strictissimi juris*** *against the taxpayer and liberally in favor of the*

[1] CIR vs. St. Luke's Medical Center, Inc. [G.R. No. 195909 & G.R. No. 195960, 26 September 2012].

S3OE- 0205-2020
MAR 10 2020

taxing authority. A claim of tax exemption must be clearly shown and based on language in law too plain to be mistaken. Otherwise stated, taxation is the rule, exemption is the exception. The burden of proof rests upon the party claiming the exemption to prove that it is in fact covered by the exemption so claimed."[2] ***(BIR Ruling No. 466-2014 dated November 19, 2014)***

A review of the documents submitted in support of the request, shows that the primary activity of **CHURCH STRENGTHENING MINISTRY, INC.** is to publish, produce, promote and market Christian materials in any format deemed appropriate (print, video, digital, etc.). Financial Statement shows that the bulk of its revenues comes from the proceeds of religious books and materials. It appears that this activity is being carried on by **CHURCH STRENGTHENING MINISTRY, INC.** in a manner similar to organizations operated for profit. Thus, it is organized and operated principally for profit.

IN VIEW OF THE FOREGOING, this Office is of the opinion that **CHURCH STRENGTHENING MINISTRY, INC.** does not qualify for exemption under Section 30 (E) of the National Internal Revenue Code of 1997, as amended. It is therefore liable for income tax imposed under Title II of the National Internal Revenue Code of 1997, as amended.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue
033377

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COPY FURNISHED:

REVENUE REGION NO. 8 – Makati City
Attention: Revenue District Office No. 52 – Parañaque City

PHILIPPINE COUNCIL FOR NGO CERTIFICATION (PCNC)
6/F SCC Bldg., CFA-MA Compound,
4427 Interior Old Sta. Mesa Road,
Sta. Mesa 1016 Manila

[2] Quezon City and The City Treasurer of Quezon City vs. ABS-CBN Broadcasting Corporation [G.R. No. 166408, 6 October 2008].