March 7, 2019

BIR RULING NO. 215-19

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

OMF Literature, Inc.
776 Boni Ave., Barangka Ilaya,
Mandaluyong City 1550

Attention: *AAA*

Gentlemen :

This refers to your letter dated September 3, 2015, requesting on behalf of **OMF LITERATURE, INC.** for the issuance of a certificate of tax exemption enjoyed by non-stock, non-profit corporation or association pursuant to Section 30 (E) of the National Internal Revenue Code (NIRC) of 1997, as amended.

It is represented that **OMF LITERATURE, INC.** with BIR Taxpayer's Identification No. (TIN) 000-000-000-000 and Certificate of Registration No. OCN 3RC0000584237 dated January 01, 1997, 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. 135463; and that the purpose for which the association was incorporated are:

1. *To propagate the Bible through publishing the same, Scripture portions, Christian books, literatures and religious materials consistent with the primary purpose of the Corporation's statement of faith herein set forth.*

2. *To engage in importation, exportation and distribution and retailing of Bibles, books, Christian literatures, tapes, videos and religious items of Christian message or extolling Christian values in order to accomplish its primary objectives.*

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 corporation or association organized and operated exclusively for religious, charitable, scientific, athletic, or cultural

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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 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 **OMF LITERATURE, INC.** is to propagate the Bible through publishing Scripture portions, Christian books, literatures and religious materials and to engage in importation, exportation and distribution and retailing of Bibles, books, Christian literatures, tapes, videos and religious items of Christian message. The bulk of its revenues come from sales of religious books, Christian literatures, tapes, videos and religious items. Such proceeds are being used almost exclusively for its perpetuation. It appears that this activity is being carried on by **OMF LITERATURE, 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 **OMF LITERATURE, 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 taxes imposed under Title II of the National Internal Revenue Code of 1997, as amended.

Very truly yours,

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

Footnotes

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

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September 2012].

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

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