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

Section 101 (A) (2); 101 (B) (1), Tax Code of 1997, as amended Revenue Regulations No. 25-03
BIR Ruling No. 096-2014; BIR Ruling No. 165-2012; BIR Ruling No. 024-10.
#219-2016 5-24-2016

Date

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
NEDA Regional Office VIII (Eastern Visayas),
Government Center, Palo, Leyte

Attention: **ATTY. BONIFACIO G. UY**
Regional Director

Gentlemen:

This refers to your letter dated April 1, 2016 requesting for the confirmation of your opinion that the donation made by the **UNITED NATIONS CHILDREN'S FUND (UNICEF)** to the **NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA) REGIONAL OFFICE VIII** (Eastern Visayas) under the Deed of Donation notarized on March 11, 2016 is exempt from Donor's Tax.

It is represented that the **UNICEF**, a specialized agency of the United Nations, pursuant to the Basic Agreement between the Philippine Government concluded on November 20, 1948, and the provisions of the signed Memorandum of Agreement between **UNICEF** and the Philippine Government in the context of the Country Programme for Children (CPC VI), transferred by way of donation to the **NEDA Regional Office VIII**, a government agency, a locally-purchased vehicle specifically described as follows:

Type of Body:	Toyota Hi-Lux 3.0L 4x4 Diesel M/T	**Chassis Number:**	
Engine Number:		**Plate No.:**	

The vehicle was donated for the use of **NEDA Regional Office VIII** in the monitoring and evaluation of Typhoon Yolanda reconstruction programs and projects implemented in Eastern Visayas.

This Office has previously issued BIR ITAD Ruling No. 039-10 dated April 8, 2010 to **UNICEF** granting exemption from value-added tax (VAT) on the local purchase of the subject vehicle, for the official use of the **UNICEF**.

In reply, please be informed that donations made in favor of the Government and any of its agencies which are not conducted for profit, or to any of its political subdivisions, are exempt from the payment of the donor's tax pursuant to the provisions of Section 101(A)(2) and Section 101(B)(1) of the Tax Code of 1997, as amended (Tax Code), which provides:

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"**SEC. 101. *Exemption of Certain Gifts.*** — The following gifts or donations shall be exempt from the tax provided for in this Chapter:

(A) *In the Case of Gifts Made by a Resident.* —

XXX XXX XXX

(2) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government;

XXX XXX XXX

(B) *In the Case of Gifts Made by a Nonresident not a Citizen of the Philippines.* —

(1) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government."

Accordingly, since **NEDA Regional Office VIII** is an agency of the National Government, the donation made by **UNICEF** in its favor is exempt from the payment of donor's tax pursuant to the above quoted provisions. (*BIR Ruling No. 165-2012 dated March 9, 2012*) However, noting that the purchase of the vehicle was previously exempted from VAT and *ad valorem* tax (excise tax), **NEDA Regional Office VIII**, not being exempt from the same, shall pay the VAT and the excise tax due on the transaction pursuant to Section 107(B) of the Tax Code and Section 8 of Revenue Regulations No. 25-03, respectively. (*BIR Ruling No. 096-2014 dated March 14, 2014*)

Moreover, the Deed of Donation is subject to documentary stamp tax of P15.00 imposed under Section 188 of the same Code. (*BIR Ruling No. 024-10 dated August 4, 2010*)

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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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