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

Section 30 of the National Internal Revenue Code of 1997, as amended
BIR Ruling No. 462-2014
S30E-0249-2020
MAY 22 2020

POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.
Domalandan Center, Lingayen,
Pangasinan 2401

Attention: KWGD. ELMER A. CALVAN
President

Gentlemen:

This refers to your letter dated December 18, 2012, requesting on behalf of the **POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.** for tax exemption on taxes and all revenues enjoyed by non-stock, non-profit corporation, association, or organization under Section 30 of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted disclosed that **POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.** with BIR Taxpayer's Identification No. and Certificate of Registration No. dated January 31, 2007, 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 purposes[1] for which it was incorporated are:

1. *To establish an organization that will represent the Poblacion Domalandan Tricycle Operators and Drivers association playing the route of Poblacion Domalandan, Lingayen and vice Versa;*

2. *To develop cooperation, assistance, harmony and understanding among members to advance their economic and social status, as well as spiritual, cultural and moral well-being;*

3. *To enhance and strive for the empowerment of the occupation of the members;*

4. *To assist and coordinate with appropriate government agencies in the implementation of transportation laws and traffic laws and regulation; and*

5. *To promote the enlightment of all members, through seminars and training programs on the present traffic rules and regulations in regard to their rights and obligations and other matters regarding the convenience and safety of riding public.*

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[1] Second Provision, Articles of Incorporation

In reply, please be informed that Section 30 of the National Internal Revenue Code of 1997, as amended, provides:

> *"SEC. 30. Exemptions from Tax on Corporations. - The following organizations shall not be taxed under this Title in respect to income received by them as such:*
>
> *(A) Labor, agricultural or horticultural organization not organized principally for profit;*
>
> *(B) Mutual savings bank not having a capital stock represented by shares, and cooperative bank without capital stock organized and operated for mutual purposes and without profit;*
>
> *(C) A beneficiary society, order or association, operating for the exclusive benefit of the members such as a fraternal organization operating under the lodge system, or a mutual aid association or a nonstock corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members of such society, order, or association, or nonstock corporation or their dependents;*
>
> *(D) Cemetery company owned and operated exclusively for the benefit of its members;*
>
> *(E) Nonstock corporation or association 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;*
>
> *(F) Business league, chamber of commerce, or board of trade, not organized for profit and no part of the net income of which inures to the benefit of any private stockholder or individual;*
>
> *(G) Civic league or organization not organized for profit but operated exclusively for the promotion of social welfare;*
>
> *(H) A nonstock and nonprofit educational institution;*
>
> *(I) Government educational institution;*
>
> *(J) Farmers' or other mutual typhoon or fire insurance company, mutual ditch or irrigation company, mutual or cooperative telephone company, or like organization of a purely local character, the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting its expenses; and*
>
> *(K) Farmers', fruit growers', or like association organized and operated as a sales agent for the purpose of marketing the products of its members and turning back to them the proceeds of sales, less the necessary selling expenses on the basis of the quantity of produce finished by them;*
>
> *Notwithstanding the provisions in the preceding paragraphs, the income of whatever kind and character of the foregoing 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 imposed under this Code."

Notwithstanding that the Articles of Incorporation of **POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.** states that it is a non-stock, non-profit association, the enumerated purposes do not appear to fall within the contemplation of the foregoing exempt corporations under Section 30 of the National Internal Revenue Code of 1997, as amended.

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.*"[2] 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.*"[3]

In view of the foregoing, your request on behalf of **POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.** for tax exemption as a non-stock, non-profit association under Section 30 of the National Internal Revenue Code of 1997, as amended, is hereby denied for lack of legal and factual basis.

Hence, **POBLACION DOMALANDAN TRICYCLE OPERATORS AND DRIVERS ASSOCIATION, INC.** shall be treated as an ordinary corporation subject to regular corporate income tax and other applicable internal revenue taxes imposed by the National Internal Revenue Code of 1997, as amended. ***(BIR Ruling No. 462-2014 dated November 13, 2014)***

Please be guided accordingly.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

K-1-LMAT

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COPY FURNISHED:

REVENUE REGION NO. 01 – Calasiao, Pangasinan
Attention: Revenue District Office No. 005 – Alaminos City, West Pangasinan

[2] Commissioner of Internal Revenue vs. St. Luke's Medical Center, Inc., G.R. No. 195909 & G.R. No. 195960, 26 September 2012

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