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

Section 25 of RA No. 9500	000-00	#258-2016 6-22-2016

Person to Contact: Chief, Law Division
Tel. Nos. 926-55-36/ 927-09-63

University of the Philippines Open University
Office of the Chancellor
Brgy. Maahas, Los Baños, Laguna

Attention: **Grace J. Alfonso**
Chancellor

Gentlemen:

This refers to your letter dated December 4, 2015, requesting on behalf of University of the Philippines Open University (UPOU), for the issuance of a tax exemption certificate pursuant to Section 25 of Republic Act (RA) No. 9500, otherwise known as, an "Act to Strengthen the University of the Philippines as the National University".

Documents submitted show that UPOU is an autonomous member of the University of the Philippines System ("UP System"), created through a resolution of the Board of Regents of the UP System at its 1084th meeting on February 23, 1995. Relevant provisions of the Board Resolution state:

> "Section 1. The Open University is hereby created as an autonomous member of the University of the Philippines System. Its official name shall be the University of the Philippines Open University (UP-Open University).
>
> xxx xxx xxx
>
> Section 3. The UP- Open University as an integral part of the University System shall derive the substance, vitality and quality of its degree program offerings from the academic programs of the residential universities of the System. It shall develop these programs for distance education taking into account of the optimal use of existing University System faculty and facilities. Conversely, the instructional materials and educational technology of the UP-Open University shall be available for use for the improvement of residential instruction as well. Thus, the UP-Open University

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programs shall be closely articulated with those of the autonomous universities in the System."

that UPOU was also declared as the National Open University of the Philippines under Republic Act (RA) No. 10650, "An Act Expanding Access to Educational Services by Institutionalizing Open Distance Learning in Levels of Tertiary Education And Appropriating Funds Therefor."

In reply, please be informed that UPOU enjoys certain tax incentives pursuant to Section 25 of RA No. 9500, "An Act to Strengthen the University of the Philippines as the National University", to wit:

'SEC. 25. Tax Exemptions. - The provisions of any general or special law to the contrary notwithstanding:

(a) All revenues and assets of the University of the Philippines used for educational purposes or in support thereof shall be exempt from all taxes and duties;

(b) Gifts and donations of real and personal properties of all kinds shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended: Provided, That the allowable deductions shall be equivalent to 150 percent of the value of such donation. Valuation of assistance other than money shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciated value of property in case said property has been used;

(c) Importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies and materials duly certified by the Board, including scientific and educational computer and software equipment, shall be exempt from customs duties;

(d) The University shall only pay 0% value-added tax for all transactions subject to this tax; and

(e) All academic awards shall be exempt from taxes.

Considering the UPOU is a constituent university of the UP System, the tax incentives granted to the University of the Philippines under Section 25 of RA No. 9500 shall likewise extend to UPOU. Accordingly, UPOU is entitled to the following tax incentives:

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1. All revenues and assets of UPOU used for educational purposes or in support thereof shall be exempt from all taxes;

2. Gifts and donations of real and personal properties to UPOU shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with Section 34(H) of the National Internal Revenue Code of 1997, as amended;

3. UPOU shall be subject to zero percent (0%) value-added tax for all its transactions subject to VAT; and

4. UPOU's academic awards shall be exempt from taxes.

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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JUN 17 2016

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