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

Sec. 30(I), 1997 NIRC
BIR Ruling No. 034-10
#259-2017
5-29-2017

University of the Philippines Los Baños
College, Laguna

Attention : Mr. Fernando C. Sanchez, Jr.
Chancellor

Gentlemen:

This refers to your letter dated July 5, 2016, as indorsed by the Chief of Legal Division, Revenue Region No. 9, San Pablo City, requesting for tax exemption pursuant to Section 30 of the Tax Code of 1997, as amended.

It is represented that University of the Philippines Los Baños with , is a public institution of higher learning created pursuant to Act 1870 otherwise known as "AN ACT FOR THE PURPOSE OF FOUNDING A UNIVERSITY FOR THE PHILIPPINE ISLANDS, GIVING IT CORPORATE EXISTENCE, PROVIDING FOR A BOARD OF REGENTS, DEFINING THE BOARD'S RESPONSIBILITIES AND DUTIES, PROVIDING HIGHER AND PROFESSIONAL INSTRUCTION, AND FOR OTHER PURPOSES," as amended by Presidential Decree (P.D.) 58 otherwise entitled "CONSTITUTING THE UNIVERSITY OF THE PHILIPPINES AT LOS BAÑOS, GRANTING IT FULL AND COMPLETE AUTONOMY, AND AMENDING THE CHARTER OF THE UNIVERSITY OF THE PHILIPPINES."

In reply, please be informed that Section 30 (I) of the Tax Code of 1997, as amended by RA 9337, provides that:

> "Sec. 30. Exemptions from tax on Corporations. — The following organizations shall not be taxed under this Title in respect to income derived by them as such:
>
> xxx xxx xxx
>
> (I) Government educational institution;"
>
> xxx xxx xxx

In relation thereto, paragraph 3, Section 4, Article XIV of the 1987 Philippine Constitution states:

> "All revenues and assets of non-stock, non-profit educational institutions used actually, directly and exclusively for educational purposes shall be exempt from taxes and duties."

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It is evident from the above provisions of law that government educational institutions are exempt from tax on their income used actually, directly and exclusively for educational purposes. As such, it is deemed qualified to avail of the tax exemption granted by such provision with respect to its revenues derived in pursuance of its educational purpose where such revenues are actually, directly and exclusively used therefor.

In addition, pursuant to Section 109(H) of the Tax Code of 1997, as amended, "(E)ducational services rendered by private educational institutions duly accredited by the Department of Education (DEPED), the Commission on Higher Education (CHED), the TESDA and those rendered by government educational institution" shall be exempt from the value added tax.

Accordingly, the gross receipts derived by University of the Philippines Los Baños from rendering educational services for courses accredited by the CHED are exempt from the 12% VAT. However, this exemption does not extend to its other activities, other than rendering educational services.

Furthermore, the above exemption from the 12% VAT does not extend to its purchase of goods or properties or services and importation of goods. Hence, notwithstanding that University of the Philippines Los Baños is a government educational institution, its purchase of goods or properties or services and importation of goods shall nevertheless be subject to the 12% VAT pursuant to Sections 106, 107 & 108 of the said Code, as amended by Republic Act (R.A.) No. 9337. (BIR Ruling No. 034-10 dated August 27, 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, or that the requirements herein stated are not complied with, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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