July 30, 2019

BIR RULING NO. 424-19

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

St. Isidore Christian Academy (SICA), Inc.
Rizal St., Poblacion, San Isidro, Nueva Ecija 3106

Attention: *AAA*

Gentlemen :

This refers to your letter dated July 16, 2018, applying on behalf of **ST. ISIDORE CHRISTIAN ACADEMY (SICA), INC.** for tax exemption certificate being enjoyed by non-stock, non-profit corporation or association under Section 30 (H) of the National Internal Revenue Code (NIRC) of 1997, as amended.

It is represented that **ST. ISIDORE CHRISTIAN ACADEMY (SICA), INC.** with BIR Taxpayer's Identification No. (TIN) 000-000-000-000, is a stock corporation 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. CS201609165; and that the purposes [1] for which the association was incorporated is *"to establish and operate an educational and learning center which will provide courses of study for pre-school, elementary levels, and junior and Senior High School subject to Philippine Laws."*

In reply, please be informed that Section 30 of the National Internal Revenue Code of 1997, as amended, enumerates the non-stock and/or non-profit corporations/associations/organizations that are exempt from income tax in respect to income received by them as such. Section 30 (H) of the National Internal Revenue Code of 1997, as amended, provides, *viz*.:

> *"Sec. 30. Exempt from Tax on Corporations. — The following organizations shall not be taxed under this Title in respect to income received by them as such:*

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xxx xxx xxx

(H) A nonstock and nonprofit educational institution;"

xxx xxx xxx"

Amended Articles of Incorporation of **ST. ISIDORE CHRISTIAN ACADEMY (SICA), INC.**, shows that it is a stock corporation. It is clearly stated that only non-stock, non-profit educational institution is exempt from income tax under Section 30 (H) of the National Internal Revenue Code of 1997, as amended. Thus, **ST. ISIDORE CHRISTIAN ACADEMY, INC.** cannot be qualified as an educational institution/corporation exempt from income tax under Section 30 (H) of the National Internal Revenue Code of 1997, as amended.

In view of the foregoing, the request of **ST. ISIDORE CHRISTIAN ACADEMY (SICA), INC.** to be exempted from income tax on its income as a Section 30 (H) corporation is hereby denied as it is a stock corporation. Therefore, **ST. ISIDORE CHRISTIAN ACADEMY (SICA), INC.** shall be treated as an ordinary corporation subject to thirty percent (30%) income tax rate pursuant to Section 27 (A) and other internal revenue taxes imposed by the NIRC of 1997, as amended.

Please be guided accordingly.

Very truly yours,

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

Footnotes

1. Amended Articles of Incorporation dated October 24, 2016.

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