April 3, 2018

BIR RULING NO. 589-18

Section 52, 1997 NIRC; Revenue
Memorandum Order No. 9-2014

National Food Authority
Provident Fund, Inc.
4th Floor Philsugin Building
North Avenue, Barangay Vasra
Quezon City
TIN: 000-000-000-00000

Attention: *AAA*

Sir :

This refers to your letter dated March 9, 2017 requesting for amendment or correction of the Certificate of Registration (COR) of **NATIONAL FOOD AUTHORITY PROVIDENT FUND, INC.** from "taxable entity" to "tax exempt entity."

As represented, the National Food Authority Provident Fund, Inc. was created and established by virtue of Executive Order No. 641 dated July 25, 2007 issued by then President Gloria M. Arroyo and DBM Budget Circular No. 2008-3 dated June 20, 2008. It is a savings, mutual benefit and a retirement plan established by the employer (NFA) or the government exclusively for NFA Officials and employees in the active service. It is a non-stock, non-profit organization managed by a Board of Trustees whose members are a mixture of Management and Employees. The Board is tasked to manage and safekeep the funds in-trust. Such funds are contributed proportionately by all members with the corresponding government share to the fund. The Fund has no profit or income generating activities except for the social and mutual assistance between and among the members comprising exclusively of NFA Officials and employees in the active service.

As further represented, the NFA Provident Fund, Inc., through the authorized representative, filed an Application for Registration under the taxpayer type as non-stock, non-profit organization. As a consequence, a Certificate of Registration (COR) was issued; however, you noticed that as indicated in the COR, NFA Provident Fund, Inc. was registered as taxable entity instead of a tax-exempt entity. Hence, you now request for correction of your registration and consequently, amendment of the COR.

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In reply, this Office regrets to inform that the request for correction of your registration and amendment of the COR is not within the function of the Law and Legislative Division. For your information, the Law and Legislative Division serves as a clearing house to Revenue Regulations (RR) and other issuances involving legal matter or with tax implications prepared by other Offices of the Bureau. The Law and Legislative Division is also tasked to prepare drafts of all rulings and opinions on legal issues of first impression involving the interpretation of the NIRC and other laws related thereto.

That said, your concern may be directed to Revenue District Office (RDO) No. 38, North Quezon City which issued the Certificate of Registration.

It should be noted, however, that non-stock, non-profit corporations exempt from income tax are mandated to file income tax return pursuant to Section 52 of the 1997 National Internal Revenue Code (NIRC). For this purpose, the tax type "Income Tax" would always appear in the Certificate of Registration despite their income tax exemption. This does not mean, however, that said non-stock, non-profit corporation exempt from income tax, whose Certificate of Registration indicates Income Tax as tax type, is now considered as taxable entity for purposes of income tax.

Lastly, for legal opinion or confirmation whether National Food Authority Provident Fund, Inc. is exempt from income tax pursuant to Section 30 of the 1997 NIRC, please refer to the Revenue Memorandum Order (RMO) 9-2014 (dated February 6, 2014) and the attached "checklist" for the procedures and requirements.

Please be guided accordingly.

Very truly yours,

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

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