April 6, 2018

BIR RULING NO. 613-18

60 (B) NIRC; BIR Ruling No. 076-2012

Social Housing Finance Employee Provident Plan, Inc.
Banco de Oro Plaza
8737 Paseo de Roxas
Makati City

Attention: *AAA*

BBB

Gentlemen :

This refers to your letter dated August 29, 2014 requesting, on behalf of **Social Housing Finance Employee Provident Plan, Inc.** ("**SHFE Provident Plan**"), for revalidation of its tax-exempt status under *BIR Ruling No. DA-304-2008* dated May 19, 2008.

It is represented that **SHFE Provident Plan** (TIN: 000-000-000-000) has been registered as a non-stock and non-profit corporation with the Securities and Exchange Commission (SEC); that it is an employees' retirement plan established by the Social Housing Finance Corporation (SHFC) for the exclusive benefit of its officials and employees; that the primary purpose for which the corporation was incorporated is to establish and maintain a Fund, the source of which shall be derived from the individual contributors of the members and counterpart contributions of SHFC; that employee-members are to contribute monthly to the Fund a sum equivalent to three percent (3%) of their monthly basic salary and the SHFC shall pay to the Fund its counterpart contribution in an amount equivalent to fifteen percent (15%) of each member's monthly basic salary; and that the earnings accumulated by the Fund shall be distributed to the members in the form of benefits in cases of retirement, resignation or separation from service.

In reply thereto, please be informed that Section 60 (B) of the Tax Code of 1997 provides:

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"Sec. 60 (B). Exception. — The tax imposed by Title II shall not apply to employees' trust which forms part of a pension, stock bonus, or profit-sharing plan of an employer for the benefit of some or all of his employees (1) if contributions are made to the trust by such employer, or employees, or both for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, and (2) if under the trust instrument it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees. . ."

The above-cited provision lays down the following requirements in order that the earnings of a retirement fund may be exempt from income tax, to wit: 1) the contributions are made to the trust by the employer, or employees, or both; 2) such contributions are made for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan; and 3) under the trust instrument it is impossible (in the taxable year and at any time thereafter prior to the satisfaction of all liabilities with respect to employees under the trust) for any part of the corpus or income to be used for, or diverted to, purposes other than for the exclusive benefit of the employees.

Considering that the above conditions are met by **SHFE Provident Plan**, its earnings from investments, including those from the government securities issued by the Bureau of Treasury, remain exempt from income tax pursuant to Section 60 (B) of the Tax Code of 1997, as amended. It must be emphasized, however, that in its investment activities, no part of the corpus or income of the Fund shall be used for or diverted to purposes other than for the exclusive benefit of the member-employees/officials or their beneficiaries. *(BIR Ruling No. 076-2012 dated February 15, 2012)*

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,

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

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