REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
DEC 05 2014
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December 5, 2014

REVENUE MEMORANDUM CIRCULAR NO. 86-2014

SUBJECT : Clarifying the Valuation of Contributions or Gifts Actually Paid or Made in Computing Taxable Income

TO : All Revenue Officials, Employees and Others Concerned

This Circular is issued to clarify the valuation of contributions or gifts actually paid or made in computing taxable income as part of substantiation requirement under Revenue Regulations No. 13-98.

Section 8 of RR No. 13-98 reads in part:

> SECTION 8. Substantiation Requirements. —
>
> (a) For Donors. — Donors claiming donations and contributions to accredited non-stock, non-profit corporation/NGO as deductions from their taxable business income should submit evidences or proofs to the BIR by showing the Certificate/s of Donation and indicating therein the following:
>
> (i) Actual receipt by the accredited non-stock, non-profit corporation/NGO of the donation or contribution and the date of receipt thereof; and
>
> (ii) The amount of the charitable donation or contribution, if in cash; if property, whether real or personal, the acquisition cost of the said property.

The information required in Section 8 of RR No. 13-98 shall be stated in a Certificate of Donation (BIR Form 2322) following the format prescribed in Annex "A" of this Circular.

BIR Form 2322 consists of two parts – a donee certification and a donor's statement of values. The first page of BIR Form 2322 is a certification by the donee that it has received on the date indicated the subject matter (i.e. cash or property) of the donation. It also provides a description of the properties donated. The donee certification must be signed by an authorized representative of the donee organization.

The second page of BIR Form 2322 requires the donor to execute a statement which provides descriptions, acquisition costs, and net book values of the properties donated as reflected in the financial statements of the donor. Moreover, the statement must be accompanied by deed of sale/bill of sale to prove the acquisition cost of the properties. The values declared by the donor in the statement shall still be subject to further confirmation by the Bureau as to its correctness and accuracy. The donor's statement must be signed by the donor or authorized representative.

Finally, under Section 235 of the National Internal Revenue Code of 1997, as amended, any provision of existing general or special law to the contrary notwithstanding, the books of accounts and other pertinent records of tax-exempt organizations or grantees of tax incentives shall be subject to examination by the Bureau for purposes of ascertaining compliance with the conditions under which they have been granted exemptions or tax incentives, and their tax liability, if any.

All other issuances inconsistent herewith are hereby repealed or modified accordingly.

This Circular takes effect immediately.

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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