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

December 07, 2007

REVENUE MEMORANDUM CIRCULAR NO. 88 - 2007

SUBJECT: Publishing the Full Text of Executive Order No. 671 dated October 22, 2007, "Designating Entities that will Certify and Accredit Charitable Organization as Donee-Institutions Relative to the Deductibility of the Tax Reform Act Of 1997".

T O : All Internal Revenue Officials, Employees and Others Concerned:

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Executive Order No. 671 signed by President Gloria Macapagal Arroyo dated October 22, 2007:

"EXECUTIVE ORDER NO. 671

DESIGNATING APPROPRIATE GOVERNMENT AGENCIES TO BE THE ACCREDITING ENTITIES THAT WILL CERTIFY AND ACCREDIT CHARITABLE ORGANIZATION AS DONEE-INSTITUTIONS RELATIVE TO THE DEDUCTIBILITY OF CONTRIBUTIONS OR GIFTS RECEIVED BY THEM, IN RELATION TO SECTION 34 OF THE TAX REFORM ACT OF 1997

WHEREAS, there is a need to strengthen the regulatory functions of government agencies over non-stock, non-profit corporations, associations and non-government organizations which fall under its respective mandate;

WHEREAS, there is a need to rationalize fiscal incentives given to individuals, corporations and organizations as part of the government's fiscal reform;

WHEREAS, Section 34 (H) of the Tax Reform Act of l977 provides for the deductibility of contributions or gifts made to donee institutions;

WHEREAS, the Secretary of Finance is required to promulgate and publish the necessary Rules and Regulations for the effective implementation of the Act;

WHEREAS, on December 8, 1998, the Department of Finance promulgated Revenue Regulations 13-98 implementing Section 34 (H) of the Act;

WHEREAS, the Department of Finance entered into a Memorandum of Agreement designating the Philippine Council for NGO Certification, Inc. a non-stock, non-profit corporation as Accrediting Entity for donee institutions;

WHEREAS, the designation of function to Philippine Council for NGO Certification (PCNC), which is a private body, may amount to an undue delegation of power;

WHEREAS, the President shall have control over all executive departments, bureaus and offices and shall ensure that the laws be faithfully executed;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order and direct the following:

Section 1. Accrediting Entity – The following Departments are hereby designated Accrediting Entities to determine the qualification of non-stock, non-profit corporations, non-governmental organizations, associations, and foundations for accreditation as qualified donee institutions to wit:

a. Department of Social Welfare and Development for charitable and/or social welfare organizations, foundations and associations including but not limited to those engaged in youth, child, women, family, disabled persons, older persons, welfare and development;

b. Department of Science and Technology – for organizations, associations and foundations primarily engaged in research and other Scientific activities;

c. Philippine Sports Commission – for organizations, foundations and associations primarily engaged in sports development;

d. National Council for Culture and Arts - for organizations, foundations and associations primarily engaged in cultural activities;

e. Commission on Higher Education – for organizations, foundations and association primarily engaged in educational activities;

Section 2. The Accrediting Entities shall comply with the Standards and Guidelines set by the Department of Finance relative to accreditation of non-stock, non-profit corporations/NGOs as provided for in Revenue Regulations No. 13-98.

Section 3. Repeal – All executive and administrative issuances inconsistent with the provisions of the Order are hereby deemed repealed, amended or modified accordingly.

Section 4. Separability - If any portion of this Order is declared unconstitutional, the other provisions of this Order shall not be affected by this Order.

Section 5. Effectivity - This Order shall take effect after fifteen (15) days from publication in a newspaper of general circulation.

Done on the City of Manila, this 22nd day of October in the year of Our Lord, Two Thousand and Seven.

(Original Signed)
GLORIA MACAPAGAL-ARROYO
President, Republic of the Philippines

By the President:

(Original Signed)
IGNACIO R. BUNYE
Acting Executive Secretary"

All internal revenue officials and others concerned are hereby enjoined to be guided accordingly and to give this Circular as wide a publicity as possible.

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue

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