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

Bureau of Internal Revenue Ruling

		#336-2016

Person to Contact: Chief, Law Division
Tel Nos. 926-55-36 / 927-09-63

Date: June 29, 2016

Dr. Pablo O. Torre Foundation, Inc.
5/F Pharmacy Building, Dr. Pablo O. Torre Memorial Hospital
BS Aquino Drive
Bacolod City

Attention: **Dr. Hector L. Torre**
President and Chairman

Gentlemen:

This refers to your letter dated October 7, 2013 requesting for confirmation of Dr. Pablo O. Torre Foundation, Inc. as an exempt organization under Section 30 (E) of the National Internal Revenue Code of 1997, as amended (NIRC).

It is represented that Dr. Pablo O. Torre Foundation, Inc. is a nonstock nonprofit association organized purely for charitable, benevolent, educational, cultural, social, civic services and similar purposes.

Section 30(E) exempts from income tax organizations organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans. However, the income of whatever kind and character of these organizations from any of their properties, real or personal, or from any of their activities conducted for profit regardless of the disposition made of such income, shall be subject to tax.

An organization is not organized exclusively for one or more exempt purposes if its articles expressly empower it to carry on activities which are not in furtherance of one or more exempt purposes, even though such organization is, by the terms of such articles, created for a purpose that is no broader than the purposes specified in Section 30(E). Thus, an organization that is empowered by its articles to engage in social activities does not meet the organizational test regardless of the fact that its articles may state that such organization is created for one or more exempt purposes.

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Along with police power and eminent domain, taxation is one of the three basic and necessary attributes of sovereignty. Thus, the State cannot be deprived of this most essential power and attribute of sovereignty by vague implications of law. Rather, being derogatory of sovereignty, the governing principle is that tax exemptions are to be construed in strictissimi juris against the taxpayer and liberally in favor of the taxing authority; and he who claims an exemption must be able to justify his claim by the clearest grant of statute. In case of doubt, non-exemption must be favored. Taxes being the lifeblood of the government that should be collected without unnecessary hindrance, every precaution must be taken not to unduly suppress it. (BIR Ruling No. 310-2011 dated August 22, 2011)

A perusal of the documents submitted by Dr. Pablo O. Torre Foundation, Inc. shows that it is not organized and operated **exclusively** for charitable purposes. Its articles of incorporation show that it is also organized for social purposes. Moreover, the bulk of its revenues are generated through sponsorship of golf tournaments which it conducts with regularity. Such activity is not substantially related to the organization's charitable purpose. In addition, the same activity is conducted for profit as the revenues generated therefrom exceed the costs and the same is conducted with regularity. The law is clear that the income of whatever kind of organizations from any of their activities conducted for profit regardless of the disposition made of such income shall be subject to tax.

IN VIEW OF THE FOREGOING, this Office is of the opinion that Dr. Pablo O. Torre Foundation, Inc. does not qualify for exemption under Section 30(E) of the NIRC. It is therefore liable for income taxes imposed under Title II of the NIRC.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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dr. pablo torre foundation