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

Certificate of Tax Exemption No.
SH30-487-2824

CERTIFICATE OF TAX EXEMPTION

issued to

SALVATORIAN SCHOOL, INC.
No. 45, 7th Street, New Manila, 1112 Ouezon City, Philippines
TIN: .
SEC Company Reg. No.

This certifies that the above-named corporation is a non-stock, non-profit educational institution and has proven by actual operation that its primary purpose falls under Section 30 (H) of the National Internal Revenue Code (NIRC) of 1997, as amended. It is exempt from INCOME TAX only on the following revenues or receipts:

1. **Tuition fees and other miscellaneous school fees;**
2. **Scholarship grants;**
3. **Donations; and**
4. **Income derived from the operation of cafeterias/canteens, dormitories and bookstores located within its premises, owned and operated by SALVATORIAN SCHOOL, INC. to be actually, directly and exclusively used for educational purposes.**

---------------------- **nothing follows** ----------------------

subject to the provisions of applicable BIR rules and regulations and the tax exemptions, liabilities and responsibilities stated in the Terms and Conditions hereto attached and made an integral part hereof. It is liable, however, to all other taxes not enumerated above.

This certification shall be valid from the date of issuance until revoked by this Office for violation of any provisions of applicable rules and regulations of the BIR, or the terms and conditions herein set forth. It shall likewise be revoked if there are material changes in the character, purpose or method of operation of the corporation which are inconsistent with the basis for its income tax exemption.

This Certificate of Tax Exemption is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains that the facts are different, then this Certificate shall be considered null and void.

Issued this_____ day of DEC 2 4 2021, ______.

CAESAR R. DULAY
Commissioner of Internal Revenue

KI-FR-19-1468

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TERMS AND CONDITIONS
OF THE CERTIFICATE OF TAX EXEMPTION
For Non-Stock, Non-Profit Educational Institution
Under Section 30 (H) of the National Internal Revenue Code of 1997, as amended

TAX EXEMPTION

1) INCOME TAX

SALVATORIAN SCHOOL, INC. is exempt from the payment of income tax **only on revenues and receipts enumerated on the Certificate of Tax Exemption.** It is understood that the school must continue to meet the following requisites as set forth under Revenue Memorandum Order (RMO) No 44-2016, to wit:

a) It is a non-stock, non-profit educational institution; and
b) Its revenues are actually, directly and exclusively used for educational purposes.

SALVATORIAN SCHOOL, INC.'s interest income from currency bank deposits and yield from deposit substitute instruments used actually, directly and exclusively in pursuance of its purpose as an educational institution, are exempt from the 20% final tax and 15%[1] tax on interest income under the expanded foreign currency deposit system imposed under Section 27 (D) (1) of the National Internal Revenue Code of 1997, as amended, subject to compliance with the conditions that as a tax-exempt educational institution it shall on an annual basis submit to the Revenue District Office concerned an annual information return and duly audited financial statement together with the following:

a) Certification from their depository banks as to the amount of interest income earned from passive investment not subject to the 20% final withholding tax and 15% tax on interest income under the expanded foreign currency deposit system imposed by Section 27 (D) (1) of the National Internal Revenue Code of 1997, as amended;

b) Certification of actual utilization of the said income; and

c) Board Resolution by the school administration on proposed projects (i.e., construction and/or improvement of school buildings and facilities, acquisition of equipment, books and the like) to be funded out of the money deposited in banks or placed in money markets, on or before the 15th day of the fourth month following the end of its taxable year (Sec. 4, Finance Department Order No. 137-87)[2].

2) **VALUE-ADDED TAX (VAT) ON EDUCATIONAL SERVICES.** Pursuant to Section 109(1)(H) of the National Internal Revenue Code of 1997, as amended. **SALVATORIAN SCHOOL, INC.'s** gross receipts from operations as a non-stock, non-profit educational institution are exempt from VAT. Moreover, revenues derived from assets use in the operation of cafeterias/canteens, dormitories and bookstores located within the premises of **SALVATORIAN SCHOOL, INC.,** are exempt from taxation provided they are owned and operated by it as ancillary activities.

[1] Republic Act No. 10963 increased the tax rate from 7.5% to 15% effective January 1, 2018
[2] Department Order No. 149-95 dated November 24, 1995 amending Department Order No. 137-87

CTE No. SII3C
Date Issued: DEC

LIABILITY FOR INTERNAL REVENUE TAXES

1) INCOME TAX

SALVATORIAN SCHOOL, INC. is subject to income tax on all its income/receipts/revenues not expressly exempted and stated in the Certificate of Tax Exemption. Moreover, it is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code of 1997, as amended, on its income derived from any of its properties, real or personal, or any activity conducted for profit, which income should be returned for taxation, unless said revenues are actually, directly and exclusively used for educational purposes.

2) VALUE-ADDED TAX (VAT) / PERCENTAGE TAX

If **SALVATORIAN SCHOOL, INC.** is engaged in the sale of goods or services in the course of a business pursuit, including transactions incidental thereto, its revenues derived therefrom shall be subject to the 12% VAT, in case the gross receipts from such sales exceed Three Million Pesos (₱3,000,000.00[3]) or to the 3% percentage tax, if gross receipts do not exceed ₱3,000,000.00.

Notwithstanding that it is a non-stock, non-profit corporation, its purchase of goods or properties, services and importation of goods shall nevertheless be subject to the 12% VAT pursuant to Sections 106, 107, and 108 of the National Internal Revenue Code of 1997, as amended.

3) WITHHOLDING TAX

SALVATORIAN SCHOOL, INC. shall be constituted as withholding agent for the government if it acts as an employer and its employees receive compensation income subject to the withholding tax under Section 79 (A), Chapter XIII, Title II of the National Internal Revenue Code of 1997, as amended, as implemented by Revenue Regulations No. 2-98, as amended, or if it makes income payments to individuals or corporations subject to the withholding tax pursuant to Section 57 of the National Internal Revenue Code of 1997, as amended, and as implemented by Revenue Regulations No. 2-98, as amended.

TAXPAYER DUTIES & RESPONSIBILITIES

1) The Board of Trustees of **SALVATORIAN SCHOOL, INC.** shall not approve the payment of compensation or honorarium to the members of the Board. The giving of compensation, honorarium or reasonable per diem is a form of private inurement which the law prohibits in the organization and operation of a non-stock, non-profit corporations. This act violates the requirement that no part of the net income or assets of the corporation shall inure to the benefit of any individual or specific person.[4] While the trustees may receive reasonable per diem to subsidize their transportation expense in accordance with the By-Laws of the Corporation, such per diem must be subject to proper liquidation, otherwise, it shall disqualify the Corporation from the availment of the tax exemption under Section 30 of the National Internal Revenue Code of 1997, as amended (DOF Opinion No. 005-2019 dated January 29, 2019).

2) **SALVATORIAN SCHOOL, INC.** is required to file on or before the 15th day of the fourth month following the end of the accounting period a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the preceding period and a certificate showing that there has not been any change in its By-laws, Articles of Incorporation, manner of operation and activities as well as sources and disposition of income. Copy of this Certificate of Tax Exemption shall be attached to the aforementioned Annual Information Return.

[3] Republic Act No. 10963 increased the VAT threshold from ₱1,919,500.00 to ₱3,000,000.00 effective January 1, 2018
[4] CIR vs. St. Luke's Medical Center, Inc., G.R. Nos. 195909 and 195960 dated September 26, 2012

3) Under Section 235 of the National Internal Revenue Code of 1997, as amended, any provision of existing general and special law to the contrary notwithstanding, the books of accounts and other pertinent records of tax-exempt organization or grantees of tax incentives shall be subject to examination by the BIR for purposes of ascertaining compliance with the conditions under which it has been granted tax exemptions or tax incentives, and its tax liabilities, if any.

4) Further, it is also required under Section 6(C) in relation to Section 237 of the National Internal Revenue Code of 1997, as amended, to issue duly registered receipts or sales or commercial invoices for each sale or transfer of merchandise or for services rendered which are not directly related to the activities for which the corporation is registered. (Revenue Memorandum Circular No. [RMC] No. 76-2003).

5) Finally, it is subject to the payment of registration fee of PhP500.00 as prescribed in Section 236(B) of the National Internal Revenue Code of 1997, as amended.