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

Bureau of Internal Revenue Ruling

R.A. 7356 R.A. 10066 R.A. 8291 Section 173 and 196, NIRC		318-2018

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

Date: March 6, 2018

NATIONAL COMMISSION FOR CULTURE AND THE ARTS
633 General Luna St.,
Intramuros 1002 Manila

Attention: **HON. FELIPE M. DE LEON, JR.**
Chairman

Gentlemen:

This refers to your letter dated June 25, 2015, requesting for the exemption of the sale of the Manila Metropolitan Theatre by the **GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)** to the **NATIONAL COMMISSION FOR CULTURE AND THE ARTS (NCCA)** from the documentary stamp tax (DST) imposed under Section 196 of the National Internal Revenue Code of 1997, as amended.

In reply, we regret to inform you that the Bureau cannot extend an exemption from taxes which is not provided for by law.

A perusal of Republic Act (R.A.) No. 7356 otherwise known as the "Law Creating the National Commission for Culture and the Arts" and R.A. No. 10066 otherwise known as the "National Cultural Heritage Act of 2009" shows that while tax exemption provision exists in both, these do not refer to documentary stamp taxes. R.A. No. 7356 provides:

> "***Section 21. Tax Exemption.*** *The Commission shall be exempt on all its income and duty obligations.*
>
> *All Materials that are reasonably necessary and are not manufactured or produced locally for the use of the Filipino artist shall be tax or duty free."*

R.A. No. 10066 provides:

> "***Section 35. Tax Exemption on Donations.*** *All donations in any form to the Commission and its affiliated cultural agencies shall be exempt from the donor's tax and the same shall be considered as allowable deduction from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.*

3-6-2018

From the foregoing, the NCCA is only exempt from "income and duty obligations". Section 35 of R.A. No. 10066 refers to donor's tax exemption of donations to the Commission and its deductibility from the gross income of the donor.

On the part of the GSIS, the same is exempt from all taxes in the transaction under Section 39 of RA. No. 8921 otherwise known as "The Government Service Insurance System Act of 1997". Thus, it cannot be made to answer for the DST due.

Following Section 173 of the National Internal Revenue Code of 1997, as amended, whenever one party to the taxable document enjoys exemption from DST, the other party thereto who is not exempt shall be the one directly liable for the tax. Thus, NCCA must bear the DST due.

For your information.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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