REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Sec. 5 RA No. 8367
BIR Ruling Nos. 519-2011 & 0438-2020
OT- 364-2022
AUG 12 2022

Savings and Loan Association of P & G Phils. Employees, (PECA), Inc.
10th Floor Net Park, 5th Avenue
Crescent Park West, Bonifacio Global City
Taguig City, 1634

Attention: **Grace Salvador-Sison**
President

Gentlemen:

This refers to your letter requesting on behalf of the Savings and Loan Association of P & G Phils., Employees, (PECA), Inc. for revalidation of its certificate of exemption from the twenty percent (20%) final withholding tax on its interest income derived from deposits and deposit substitutes pursuant to Republic Act (RA) No. 8367, approved on October 21, 1997 and which took effect on November 14, 1997.

Documents submitted show that PECA is a non-stock corporation duly organized under the laws of the Philippines, with office address at 10/F Net Park, 5th Avenue, Crescent Park West, Bonifacio Global City, Taguig City, 1634; that it is registered with the Securities and Exchange Commission (SEC) bearing SEC Certificate of Registration No. ; and that it is recognized by the government and permitted by the Bangko Sentral ng Pilipinas (BSP) to operate as a Non-Stock Savings and Loan Association per Certification dated February 24, 2003 issued by Mr. Candon B. Guerrero, Director of the Supervision and Examination Department III of the Bangko Sentral ng Pilipinas.

In reply, please be informed that Section 5 of Republic Act No. 8367, entitled: "An Act Providing for the Regulation of the Organization and Operation of Non-Stock Savings and Loan Associations", provides, viz.:

> *"SEC. 5. Tax Exemption. — An Association shall be exempt from payment of tax in respect to income it receives, including interest on its deposits with any bank; Provided, however, that income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.*

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Interest earnings on deposits of members with Association, as well as the shares of its members from the net income of the Associations shall be exempt from income tax."

Based on the foregoing, Savings and Loan Association of PECA shall be exempt from income tax, with respect to income it receives. Also, interest income derived by it from its deposit and deposit substitutes are exempt from twenty percent (20%) final withholding tax (*BIR Ruling No. 519-2011 dated December 22, 2011*).

However, income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

Lilia C. Guillermo

LILIA CATRIS GUILLERMO
Commissioner of Internal Revenue

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