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

Certificate of Tax Exemption No.
SHDL-263-2021

CERTIFICATE OF TAX EXEMPTION

issued to

SAINT GREGORY ACADEMY, INC.
Poblacion. Indang, Cavite
TIN:
SEC Company Reg. No.

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

1. **Tuition and matriculation fees; and**
2. **Income derived from the operation of cafeterias/canteens, dormitories and bookstores located within its premises, owned and operated by SAINT GREGORY ACADEMY, 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 JUL 12 2021 ______, ______.

CAESAR R. DULAY
Commissioner of Internal Revenue

043959

CTE No. SH7L-263-2021
Date issued JUL 12 2021

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.**
SAINT GREGORY ACADEMY, 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:

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

SAINT GREGORY ACADEMY, 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 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 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 bank 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, **SAINT GREGORY ACADEMY, INC.'s** gross receipts from operations as a non-stock, non-profit educational institutions are exempt from VAT. Moreover, revenues derived from assets used in the operation of cafeterias/canteens, dormitories and bookstores located within the premises of **SAINT GREGORY ACADEMY, INC.** are exempt from taxation provided they are owned and operated by it as ancillary services.

LIABILITY FOR INTERNAL REVENUE TAXES

1) **INCOME TAX**
SAINT GREGORY ACADEMY, 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 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

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

returned for taxation, unless said revenues are actually, directly and exclusively used for educational purposes.

2) **VALUE ADDED TAX/PERCENTAGE TAX**
If **SAINT GREGORY ACADEMY, 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 to 108 of the National Internal Revenue Code of 1997, as amended.

3) **WITHHOLDING TAX**
SAINT GREGORY ACADEMY, 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 honoraria/allowances given to members of the Board of Trustees must be reasonable and subject to liquidation (DOF Opinion No. 005-2019).

2) 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) 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 Association is registered. (Revenue Memorandum Circular No. [RMC] No. 76-2003).

5) Finally, it is subject to the payment of registration fee of PhP 500.00 as prescribed in Section 236(B) of the National Internal Revenue Code of 1997, as amended.

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[3] Republic Act No. 10963 increased the VAT threshold from P1,919,500.00 to P3,000,000.00 effective Jan. 1, 2018