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

Sections 101(A); 101(B)(1), 1997 Tax Code, as amended Revenue Regulations No. 25-03
BIR Ruling No. 219-2016;
BIR Ruling No. 096-2014;
BIR ITAD Ruling No. 061-08
005-2017
1-16-2017
Date

Hon. Fe Sudario-Renomeron
Municipality of Burauen, Leyte

Madam:

This refers to your letter dated April 13, 2016, as indorsed by the Regional Director of Revenue Region No. 14, Palo, Leyte requesting for confirmation of your opinion that the donation made by the UNITED NATIONS CHILDREN'S FUND (UNICEF) to the Municipal Government of Burauen, Leyte under a Deed of Donation is exempt from donor's tax.

Documents submitted show that UNICEF is a specialized agency of the United Nations and is the registered owner of a locally-purchased vehicle specifically described as follows:

Type of Body:	2008 Toyota Hi-Lux 3.0L 4x4 Diesel M.T	Chassis No.:	
Engine Number:		Plate No.:	

In pursuance to the Basic Agreement between the Philippine Government concluded on November 20, 1948 under which UNICEF commits to provide various supply assistance to assist in the execution of the projects in the Philippines, and as clearly reflected in the provisions of the signed Memorandum of Agreement between UNICEF and the Philippine Government for use in the conduct of activities under the Seventh Country Programme for Children (CPC VII), the above-stated vehicle was donated by the UNICEF to the Municipality of Burauen, Leyte. The aforesaid locality was one of the towns which was badly-hit by Typhoon Yolanda.

This Office has previously issued BIR ITAD Ruling No. 061-08 dated August 28, 2008 to UNICEF granting exemption from value-added tax (VAT) on their local purchase of the subject vehicle, for official use of UNICEF.

In reply, please be informed that donations made in favor of the Government and any of its agencies which are not conducted for profit, or to any of its political subdivisions, are exempt from the payment of the donor's tax pursuant to the provisions of Section 101 (A)(2) and Section 101 (B)(1) of the Tax Code of 1997, as amended, which provides:

"**SEC 101.** ***Exemption of Certain Gifts.*** – The following gifts or donations shall be exempt from the tax provided for in this Chapter:

(A) *In the Case of Gifts Made by a Resident.* -
xxx xxx xxx

(2) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government: and
xxx xxx xxx

(B) *In the Case of Gifts Made by a Nonresident not a citizen of the Philippines.* –

(1) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit or to any political subdivision of the said Government."

Accordingly, since the Municipality of Burauen, Leyte is a political subdivision of the National Government, the donation made by UNICEF in its favor is exempt from the payment of donor's tax pursuant to the above quoted provisions. *(BIR Ruling No. 165-2012 dated March 09, 2012)* However, if the purchase of the vehicle was previously exempted from VAT and *ad valorem* tax (excise tax), the Municipal Government of Burauen, Leyte, not being exempt from the same, shall pay the VAT and the excise tax due on the transaction pursuant to Section 107(B) of the 1997 Tax Code, as amended and Section 8 of Revenue Regulations No. 25-03, respectively. *(BIR Ruling No. 096-2014 dated March 14, 2014)*

Moreover, the Deed of Donation is subject to documentary stamp tax of P15.00 imposed under Section 188 of the same Code. *(BIR Ruling No. 024-10 dated August 04, 2010)*

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,

CAESAR R. DULAY
Commissioner of Internal Revenue

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