REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Sections 101 (B) (1) of the Tax Code of 1997, as amended	
BIR Ruling No. 005-17	
OT-423-2022	
NOV 04 2022	

UNITED NATIONS OFFICE ON DRUGS AND CRIME
Regional Office for Southeast Asia and the Pacific
UN Building, 3rd Floor, Rajdamnern Nok Avenue
Bangkok 10200, Thailand

Attention: **Mr. Shanaka Jayasekara**
Programme Coordinator (Southeast Asia and the Pacific)

Gentlemen:

This refers to your request for exemption from customs duties and taxes on the donation of a Fixed Passive Radar Sensor System to the Philippine National Coast Watch Center (NCWC).

It is represented that the Global Maritime Crime Programme of the United Nations Office on Drugs and Crimes (UNODC) donated a Fixed Passive Radar Sensor System to NCWC, valued at $238,226.00 (₱13,278,717.24). Below is the description of the Fixed Passive Radar Sensor System equipment:

Item	Description	Quantity
1	Passive RF Sensor	1 set
2	Automatic Identification System (AIS) Receiver	1 set
3	Desktop Computer	3 sets
4	GSM Sim Card Modem	3 sets
5	LED Smart TV	2 sets

The system will be used to enhance NWC's surveillance capabilities through the installation of the system in Bongao Island, Tawi-Tawi, to detect small craft activities on a real-time basis. Common operational picture (COP) platforms will also be installed at the NCWC and Maritime Situational Awareness Center Western Mindanao (MSAC-WM) watch floors to allow the simultaneous monitoring and tracking of the said small craft activity.

In reply, please be informed that donations made in favor of the National Government or any of its agencies which are not conducted for profit are exempt from the payment of the donor's tax pursuant to the provision of Section 101 (B) (1) of the National Internal Revenue Code (Tax Code) of 1997, as amended, *viz*:

OT-423-2022
NOV 04 2022

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

xxx xxx xxx

(B) In the Case of Gifts Made by a Non-resident 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 NCWC is an agency of the National Government created by virtue of Executive Order No. 57, s. 2011, the donation made by UNODC in its favor is exempt from the payment of donor's tax pursuant to the above quoted provision.[1]

However, the deed of donation is subject to documentary stamp tax of ₱15.00 imposed under Section 188 of the same Code.[2]

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 CATRIS GUILLERMO
Commissioner of Internal Revenue

K-1

002290

[1] BIR Ruling No. 005-2017, January 16, 2017
[2] BIR Ruling No. 005-2017 *Supra*