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

Section 30, National Internal Revenue Code of 1997.
OT- 0617-2020
OCT 2 8 2020

Brent International School, Baguio, Inc.
Brent Road, Baguio City 2600

Attention: **Dr. Celeste R. Coronado**
School Principal

Gentlemen:

This refers to your letter dated October 2, 2019, requesting that Brent International School, Baguio, Inc. be exempt from the payment of taxes due on the proceeds from the Christmas bazaar held by Brent International School, Baguio, Inc. last November 16 and 17, 2019 at Brent Memorial Gymnasium.

Please be informed that under Certificate of Tax Exemption No. 147-17, Brent International School, Baguio, 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 the National Internal Revenue Code (NIRC) 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 returned for taxation, unless said revenues are actually, directly and exclusively used for educational purposes.

Further, if Brent International School, Baguio, Inc. is engaged in the sale of goods or services in the course of a business pursuit, including transactions incidental thereto, in general, it shall be liable for 12% value-added tax (VAT) on the revenues derived therefrom if the gross receipts from such sales exceed Three Million Pesos (₱3,000,000.00)[1], or to 3% percentage tax, if gross receipts do not exceed ₱3,000,000.00.

Moreover, its purchase of goods or properties or services and importation of goods shall nevertheless be subject to the 12% VAT pursuant to Sections 106 and 107 of the NIRC of 1997, notwithstanding that it is a non-stock, non-profit corporation.

Considering the above, we cannot grant your request since the revenues derived from the aforesaid Christmas bazaar were not shown to have been actually, directly and exclusively used for educational purposes and are therefore not exempted from income tax and VAT.

Please be guided accordingly.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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KI-FR-19-1618

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