REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 101 (A) (3), Tax Code of 1997, as amended
BIR Ruling No. 121-14
BIR Ruling No. 128-13
BIR Ruling No. 232-13
BIR Ruling No. 118-12
BIR Ruling No. 300-11

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SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.
Barangay Caypombo, Sta. Maria, Bulacan

Attention: REV. MSGR. MARIO DJ. ARENAS, HP

Gentlemen:

This refers to your letter dated July 9, 2013, requesting for the issuance of a **Certificate of Exemption** from the payment of Donor's Tax, on the donation of real properties made by **SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC. ('DONOR')** in favor of **ST. DOMINIC DE GUZMAN SCHOOL, INC. ('DONEE')** pursuant to Section 101 (A) (3) of the National Internal Revenue Code (NIRC) of 1997, as amended.

It is represented that **SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.**, a non-stock, non-profit corporation with registered address at Barangay Caypombo, Sta. Maria, Bulacan, is a duly organized and existing corporation under the laws of the Republic of the Philippines, registered with the Securities and Exchange Commission (SEC) with Company Registration No. [redacted] dated November 22, 2006 and with Bureau of Internal Revenue (BIR) Taxpayers Identification No. (TIN) [redacted] and Certificate of Registration No. [redacted], and that on January 2, 2012, the Revenue District Office (RDO) No. 25-B, Sta. Maria, Bulacan through its Revenue District Officer issued a Certification stating therein that the above-mentioned taxpayer has retired/ceased/cancelled its business registration with Revenue District Office No. 25-B, Sta. Maria, Bulacan, effective September 14, 2011. It is likewise represented that **ST. DOMINIC DE GUZMAN SCHOOL, INC.**, a non-stock, non-profit educational institution with business address at Barangay Caypombo, Sta. Maria, Bulacan, is duly organized and existing under the laws of the Republic of the Philippines, with Securities and Exchange Commission (SEC) Company Registration No [redacted] dated March 9, 2011; and that it is registered with the BIR with Certificate of Registration No. [redacted] and Taxpayers Identification No. (TIN) [redacted] dated April 12, 2011; that **SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.** is the registered owner of three (3) parcels of land all located at Barangay Caypombo, Municipality of Sta. Maria, Bulacan, covered by the following Transfer of Certificates Title, particularly described as follows:

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1) **TRANSFER CERTIFICATE OF TITLE (TCT) NO.**
   A parcel of land (Lot 1383-F-1-A-1 of the Subdivision Plan Psd-03-102175 being a portion of Lot 1383-F-1-A LRC Psd-216223 LRC Rec. No.), containing an area of **THIRTY SIX SQUARE METERS (36 square meters)** more or less;
2) **TRANSFER CERTIFICATE OF TITLE (TCT) NO.**
   A parcel of land (Lot 1562-B-1-A of the Subdivision Plan Psd-03-103811 being a portion of Lot 1562-B-1 LRC Psd-278532 LRC Rec. No.), containing an area **of SEVENTY SEVEN SQUARE METERS (77 square meters)** more or less; and
3) **TRANSFER CERTIFICATE OF TITLE (TCT) No.**
   A parcel of land (Lot 1561-B-2 of the Subdivision Plan Psd-03-158526 being a portion of Lot 1561-B Psd-03-134457 LRC Rec. No.), containing an area of **ONE THOUSAND FIVE HUNDRED SIXTY ONE SQUARE METERS (1,561 square meters)** more or less.

that on May 21, 2013, for and in recognition of the contribution of the Donee for spiritual growth and education of the community as shown to the Donor by the Donee so that the former may continue to serve the community in the furtherance of the Gospel and continuous education, **SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.** ***(represented by Rev. Msgr. Mario DJ. Arenas, HP)***, by its own volition and free will without any force and intimidation executed a Deed of Donation covering the subject properties in favor of **ST. DOMINIC DE GUZMAN SCHOOL, INC.** ***(represented by Sr. Domiciana M. Tenorio, OP)*** thereby voluntarily giving, ceding, transferring and conveying by way of Donation the above described properties together with its improvements thereon; that Sr. Domiciana M. Tenorio, OP, accepted the donation in the same Deed.

In support of the request, the following documents were submitted by **ST. DOMINIC DE GUZMAN SCHOOL, INC:**

1. *SEC certified true copies* of the Certificates of Incorporation of the Donor and Donee, respectively;
2. *SEC certified true copies* of the Articles of Incorporation and By-laws of the Donor and Donee, respectively;
3. *BIR certified true copies* of the Audited Financial Statements for the immediately preceding taxable year and the corresponding Annual Income Tax Returns of both parties;
4. *Affidavit of Undertaking* that not more than thirty percent (30%) of the donated property or value thereof shall be used by the Donee for administration purposes;
5. *Verification and Affidavit* of Non-forum Shopping;
6. *Original/Certified true copy* of the Board Resolution authorizing Sr. Domiciana M. Tenorio, OP, to accept

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the aforesaid donations on behalf of **ST. DOMINIC DE GUZMAN SCHOOL, INC.**;

7. *Duplicate original/certified true copy* of the Deed of Donation dated May 21, 2013;
8. *Original copies* of Transfer Certificates of Title (TCT) Nos. [redacted], [redacted] and [redacted] respectively, all registered in the name of **SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.** issued by the Registry of Deeds for the Province of Bulacan;
9. *Certified true copies* of the Tax Declarations of TCT Nos. [redacted], [redacted] and [redacted] respectively;
10. *Certified true copies* of the BIR Certificates of Registration of both parties; and
11. *Certified true copies* of the Donor's Tax Returns (BIR Form 1800) duly filed with the Revenue District Office (RDO) No. 25B, Sta. Maria, Bulacan.

In reply, please be informed that gifts in favor of educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited non-government organization, trust or philanthropic or research institution or organization is exempt from the payment of the donor's tax pursuant to Section 101 (A) (3) of the Tax Code of 1997, as amended, subject to the condition that not more than thirty percent (30%) of the said gift shall be used by the donee for administration purposes. ***(BIR Ruling No. 429-11 dated November 4, 2011)***

In as much as **ST. DOMINIC DE GUZMAN SCHOOL, INC.** is an educational institution, any donation to it is exempt from the payment of donor's tax pursuant to the above provisions of the Tax Code of 1997, as amended, subject to the condition that not more than 30% of said gift shall be used by the donee for administration purposes. Since this is a donation of real property, the Register of Deeds shall annotate this condition at the back of the title because failure to comply with the said condition shall subject the donation of the abovementioned real properties to donor's tax. ***(BIR Ruling No. 121-14 dated May 12, 2014)***

Moreover, Section 185 of Revenue Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the Tax Code of 1997, as amended, provides that conveyances of realties not in connection with a sale, to trustees or other persons without consideration are not taxable. Accordingly, the aforesaid Deed of Donation is likewise, not subject to the documentary stamp tax prescribed under Section 196 of the Tax Code, as amended, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Code. ***(BIR Ruling No. 300-11 dated August 12, 2011)***

Furthermore, if the donor is a VAT-registered person and the donation is an ordinary asset, the donation is subject to VAT pursuant to Section 4.106-7 of Revenue Regulations (RR) No. 16-2005, as amended, the same being considered a transaction deemed sale. But if the donor is not a VAT-registered person, the donation is exempt from VAT.

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It is to be noted that if the same property acquired by donation is subsequently conveyed by way of sale or exchange, the sale will be subject to capital gains tax based on the gross selling price or current fair market value as determined in accordance with Section 6 (E) of the Tax Code of 1997, whichever is higher, of such land/or building. ***(Revenue Memorandum Circular No. 007-12)***.

Also, if **ST. DOMINIC DE GUZMAN SCHOOL, INC.** donates the same property donated to it to a non-exempt donee, it shall be liable for donor's tax as provided for under Section 98 of the Tax Code of 1997, as amended. ***(BIR Ruling No. 118-12 dated February 22, 2012)***

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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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SANTISSIMO SACRAMENTO CATHOLIC SCHOOL, INC.