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

Section 30(G) of the Tax Code of 1997
BIR Ruling No. 466-2014

0457-2019
AUG 28 2019

PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC.
3F Commerce and Industry Plaza 1030
Campus Avenue, cor. Park Avenue
McKinley Town Center BGC, Taguig City

Attention: **ALBERTO P. FENIX JR.**
President

Gentlemen:

This refers to your letter, with attachments, dated November 5, 2015, which was indorsed on August 22, 2018 by the Regional Director, Revenue Region No. 8, Makati City, applying on behalf of PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC. for the issuance of a Certificate of Tax Exemption enjoyed by non-stock, non-profit organizations under Section 30(G) of the Tax Code of 1997, as amended.

It is represented that PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC., with BIR Taxpayer's Identification (TIN) No. and Certificate of Registration No. , dated April 12, 2016, is a non-stock, non-profit association duly organized and existing under the laws of the Republic of the Philippines; that it is registered with the Securities and Exchange Commission (SEC) under Company Registration No. ; and that the purposes for which the association was incorporated are:

1. To engage in and conduct programs, events, projects or activities promoting human resources development and/or human resources development;
2. To promote and encourage business Chambers and Associations, and business enterprises to be actively involved in Human Resources Development;
3. To establish and operate a training institution in technical, vocational, educational and health courses and other specialized courses in human resource development; and
4. To receive grants, donations, bequest in furtherance of its programs for Human Resource Development and Human Resource Management.

In reply, please bear in mind that, "*being a non-stock and/or non-profit corporation does not, by this reason alone, completely exempt an institution from tax.*"[1] Thus, "*statutes granting tax exemptions are construed* ***strictissimi juris*** *against the taxpayer and liberally in favor of the taxing authority. A claim of tax exemption must be clearly shown and based on language in law too plain to be mistaken. Otherwise stated, taxation is the rule, exemption is the exception. The burden of proof rests upon the party claiming the exemption to prove that it is in fact covered by the exemption so claimed.*"[2] ***(BIR Ruling No. 466-2014 dated November 19, 2014)***

Section 30 of the National Internal Revenue Code (NIRC) of 1997, as amended, enumerates the non-stock and/or non-profit corporations/associations/organizations that are

[1] CIR vs. St. Luke's Medical Center, Inc. [G.R. No. 195909 & G.R. No. 195960, 26 September 2012].
[2] Quezon City and The City Treasurer of Quezon City vs. ABS-CBN Broadcasting Corporation [G.R. No. 166408, 6 October 2008].

exempt from income tax in respect to income received by them as such. Section 30 (G) of the NIRC of 1997, as amended, provides:

> *"Sec. 30. Exempt from Tax on Corporations. — The following organizations shall not be taxed under this Title in respect to income received by them as such:*
>
> *xxx xxx xxx*
>
> *(G) Civic league or organization not organized for profit but operated exclusively for the promotion of social welfare;"*

For the purpose of availing the tax exemption granted by Section 30 (G) of the National Internal Revenue Code of 1997, as amended, PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC must satisfy the meaning of the term *"promotion of social welfare"* in relation to the purposes laid down in its Article of Incorporation, in order for it to fall within the ambit of the law. Revenue Regulations (RR) No. 13-98 defines "Social welfare purposes", to wit:

> *"(l) "Social welfare purposes" — shall refer to and include*
>
> ***(i)*** *undertaking and/or assisting in the amelioration of the living conditions of distressed citizens particularly those who are handicapped by reasons of poverty, youth, physical and mental disability, illness, old age, and natural disasters, including assistance to cultural minorities;*
> ***(ii)*** *pursuing a program for the protection and development of children and youth, such as providing services for drop-outs, pre-school children of low-income working mothers, and physically handicapped children;*
> ***(iii)*** *providing for the rehabilitation of the youth and disabled adults, released prisoners, drug addicts, alcoholics, mentally retarded, hansenites and similar cases; and*
> ***(iv)*** *providing for services to squatter families and to displaced workers."*

Clearly, the Corporation's engagement and conduct of programs, events, projects or activities for the promotion of human resources development, the establishment and operation of training institution in technical, vocational, educational and health courses and other specialized courses in human resource development, are not among the above enumerations, and cannot be considered similar to said purposes.

In view of the foregoing, your request for the exemption of PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC as a non-stock, non-profit corporation under Section 30 of the Tax Code of 1997, as amended, is hereby denied for lack of legal basis. Hence, PCCI HUMAN RESOURCES DEVELOPMENT FOUNDATION, INC shall be treated as an ordinary corporation subject to thirty percent (30%) income tax rate pursuant to Section 27 (A) and other internal revenue taxes imposed by the National Internal Revenue Code of 1997, as amended.

Please be guided accordingly

Very truly yours,

Caesar R. Dulay

CAESAR R. DULAY
Commissioner of Internal Revenue

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