CTE No. 635-2017
Date issued 12-19-2017

TERMS AND CONDITIONS
OF THE CERTIFICATE OF TAX EXEMPTION
For Non-Stock, Non-Profit Educational Institution
under Section 30(H) of the National Internal Revenue Code of 1997, as Amended

TAX EXEMPTION

1) **INCOME TAX. DE LA SALLE LIPA, INC.** is exempt from the payment of income tax **only on revenues and receipts enumerated on the Certificate of Tax Exemption.** It is understood that the school must continue to meet the following requisites as set forth under Revenue Memorandum Order (RMO) No 44-2016, to wit:

   i. It is a non-stock, non-profit educational institution; and
   ii. Its revenues are actually, directly and exclusively used for educational purposes.

   DE LA SALLE LIPA, INC.'s interest income from currency bank deposits and yield from deposit substitute instruments used actually, directly and exclusively in pursuance of its purpose as an educational institution, are exempt from the 20% final tax and 7 1/2% tax on interest income under the expanded foreign currency deposit system imposed under Section 27 (D) (1) of the National Internal Revenue Code of 1997, as amended, subject to compliance with the conditions that as a tax-exempt educational institution it shall on an annual basis submit to the Revenue District Office concerned an annual information return and duly audited financial statement together with the following:

   (a) Certification from their depository banks as to the amount of interest income earned from passive investment not subject to the 20% final withholding tax and 7 1/2% tax on interest income under the expanded foreign currency deposit system imposed by Section 27 (D) (1) of the National Internal Revenue Code of 1997, as amended;

   (b) Certification of actual utilization of the said income; and

   (c) Board Resolution by the school administration on proposed projects (i.e., construction and/or improvement of school buildings and facilities, acquisition of equipment, books and the like) to be funded out of the money deposited in banks or placed in money markets, on or before the 15th day of the fourth month following the end of its taxable year (Sec. 4, Finance Department Order No. 137-87)[1].

2) **VALUE ADDED TAX (VAT) ON EDUCATIONAL SERVICES.** Pursuant to Section 109(H) of the NIRC, **DE LA SALLE LIPA, INC.'s** gross receipts from operations as a non-stock, non-profit educational institution are exempt from VAT.

LIABILITY FOR INTERNAL REVENUE TAXES

1) **INCOME TAX**
   DE LA SALLE LIPA, 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 NIRC, as amended, on its income derived from any of its properties, real or personal, or any activity conducted for profit, which income

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1 Department Order No. 149-95 dated November 24, 1995 amending Department Order No. 137-87

should be returned for taxation, unless said revenues are actually, directly and exclusively used for educational purposes.

2) VALUE ADDED TAX/PERCENTAGE TAX

If **DE LA SALLE LIPA, INC.** is engaged in the sale of goods or services in the course of a business pursuit, including transactions incidental thereto, its revenues derived therefrom shall be subject to the 12% VAT, in case the gross receipts from such sales is One Million Nine Hundred Nineteen Thousand Five Hundred Pesos (₱1,919,500.00), or to the 3% percentage tax, if gross receipts do not exceed ₱1,919,500.00.

Notwithstanding that it is a non-stock, non-profit corporation, 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.

3) WITHHOLDING TAX

DE LA SALLE LIPA, INC. shall be constituted as withholding agent for the government if it acts as an employer and its employees receive compensation income subject to the withholding tax under Section 79 (A), Chapter XIII, Title II of the NIRC, as implemented by Revenue Regulations No. 2-98, as amended, or if it makes income payments to individuals or corporations subject to the withholding tax pursuant to Section 57 of the NIRC, and as implemented by Revenue Regulations No. 2-98, as amended.

TAXPAYER DUTIES & RESPONSIBILITIES

1) **DE LA SALLE LIPA, INC.** is required to file on or before the 15th day of the fourth month following the end of the accounting period a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the preceding period and a certificate showing that there has not been any change in its By-laws, Articles of Incorporation, manner of operation and activities as well as sources and disposition of income. Copy of this Certificate of Tax Exemption shall be attached to the aforementioned Annual Information Return.

2) Under Section 235 of the National Internal Revenue Code of 1997, as amended, any provision of existing general and special law to the contrary notwithstanding, the books of accounts and other pertinent records of tax-exempt organization or grantees of tax incentives shall be subject to examination by the BIR for purposes of ascertaining compliance with the conditions under which it has been granted tax exemptions or tax incentives, and its tax liabilities, if any.

3) Further, it is also required under Section 6(C) in relation to Section 237 of the National Internal Revenue Code of 1997, as amended, to issue duly registered receipts or sales or commercial invoices for each sale or transfer of merchandise or for services rendered which are not directly related to the activities for which the Association is registered. (Revenue Memorandum Circular No. [RMC] No. 76-2003).

4) Finally, it is subject to the payment of registration fee of PhP 500.00 as prescribed in Section 236(B) of the National Internal Revenue Code of 1997, as amended.