REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

Sec. 60 (B) the National Internal Revenue Code of 1997, as amended
OT-003-2024

JAN 18 2024

MOORE-ROXAS CRUZ TAGLE & CO
2nd Floor Multinational Bancorporation Center
6805 Ayala Avenue, Makati City

Attention: **Norman Paul A. Turingan**
Partner – Tax and Corporate Services

Gentlemen:

This refers to your letter requesting, on behalf of your client, the University of the Philippines Provident Fund ("UPPF" for brevity), the revalidation of its tax-exempt status under BIR Ruling Nos. DA-036-04 and DA-303-98 dated January 28, 2004 and July 3, 1998, respectively.

It is represented that UPPF (TIN:) has been registered as a non-stock and non-profit corporation with the Securities and Exchange Commission (SEC); that it is a fund for the benefit of its members established by the University of the Philippines; that its primary purpose is to maintain a fund in the form of benefits such as benefits for retirement, resignation, separation from employment or any other analogous cases as may be approved by its Board of Trustees; that the source of its funds is derived from the contribution of its members as well as from the contributions of the University of the Philippines; and that the earnings is invested in government-issued debt securities, loans to members, interest earning deposits, blue-chip stocks and any other speculative investments as may be allowed and provided under the guidelines set by its Board of Trustees.

In reply thereto, please be informed that Section 60 (B) of the National Internal Revenue Code (Tax Code) of 1997, as amended, provides:

> "Sec. 60 (B) Exception. - The tax imposed by this Title shall not apply to employee's trust which forms part of a pension, stock bonus or profit-sharing plan of an employer for the benefit of some or all of his employees (1) if contributions are made to the trust by such employer, or employees, or both for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, and (2) if under the trust instrument it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees: Provided, That any amount actually distributed to any employee or distributee shall be taxable to him in the year in which so distributed to the extent that it exceeds the amount contributed by such employee or distributee."

The above-cited provision lays down the following requirements in order that the earnings of a retirement fund may be exempt from income tax, to wit: 1) the contributions are made to the trust by the employer, or employees, or both; 2) such contributions are made for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan; and 3) under the trust agreement it is impossible (in the taxable year and at any time thereafter prior to the satisfaction of all liabilities with respect to employees under the trust) for any part of the corpus or income to be used for, or diverted to, purposes other than for the exclusive benefit of the employees.

The earnings of UPPF fall within the purview of these requirements considering the provision found in its amended articles of incorporation and its by-laws. It is clearly stated that the employees and the University of the Philippines would contribute for the trust fund. It is also provided under its purpose that the fund would be distributed to its members in cases of retirement, resignation, separation or other cases. The utilization of its funds and income are also provided for which only allows its use for the benefits of its members and that any surplus be used to invest in various investment products subject to the context of safety, profitability and liquidity.

Considering that the above conditions are met by UPPF, its earnings from bank deposits, yield, or any monetary benefit from deposit substitutes, trust funds, and similar arrangements, including those from government securities issued by the Bureau of Treasury, remain exempt from income tax pursuant to Section 60 (B) of the Tax Code of 1997, as amended, and, consequently, from withholding tax. It must be emphasized, however, that in its investment activities, no part of the corpus or income of the Fund shall be used for or diverted for purposes other than for the exclusive benefit of the member-employees/officials, or their beneficiaries.

This ruling is being issued on the basis of the foregoing facts as represented. However, if, upon investigation, it is disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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