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

Section 5, Republic Act No. 8367; Revenue Memorandum Circular No. 9-2016
BIR Ruling No. 398-2018
OT-0403-2020

JUL 20 2020

BOTTLERS EMPLOYEES SAVINGS AND LOAN ASSOCIATION, INC.
7th Floor, ACE Building, Dela Rosa cor. Rada St.,
Legaspi Village, Makati City

Attention: **MA. CARMEN LIMJAP REFORMADO**
President/CEO

Gentlemen:

This refers to your request for tax exemption pursuant to Republic Act (RA) No. 8367, otherwise known as "An Act Providing for the Regulations of the Organization and Operation of Non-Stock Savings and Loan Association".

Documents submitted disclosed that **Bottlers Employees Savings and Loan Association, Inc.** with Taxpayer's Identification No. (TIN) and Certificate of Registration No. dated January 01, 1997, is a non-stock corporation duly organized under the laws of the Philippines; that it is registered with the Securities and Exchange Commission (SEC) under Company Registration No. ; that the primary purpose for which the corporation was incorporated is *"to engage in the operations of a non-stock savings and loans association; to encourage industry, frugality and accumulation of savings among members; to extend loans to members and/or make investments in the securities of productive enterprises or in securities of the Government or any of its political subdivisions, instrumentalities or corporations; and generally to exercise and execute all the powers, prerogatives and privileges inherent in and granted to corporations and to such savings and loan association, primarily for the benefit and interest of its members;"* and that the Bangko Sentral ng Pilipinas issued a Certification dated April 07, 2014, attesting that **Bottlers Employees Savings and Loan Association, Inc.** is a duly registered savings and loan association under its supervision pursuant to the provisions of the New Central Bank Act and the General Banking Law of 2000.

In reply, please be informed that Section 5 of RA No. 8367 provides that:

> *"SECTION 5. Tax Exemption. - An Association shall be exempt from payment of tax in respect to income it receives, including interest on its deposits with any bank; Provided, however, That income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.*
>
> *Interest earnings on deposits of members with Associations, as well as the shares of its members from the net income of the Associations shall be exempt from income tax."*

Based on the foregoing, **Bottlers Employees Savings and Loan Association, Inc.** shall be exempt from income tax with respect to income it receives, including interest income

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derived from its deposit and deposit substitutes which shall be exempt from twenty percent (20%) final withholding tax.

However, any disposition made by **Bottlers Employees Savings and Loan Association, Inc.** of its properties (real or personal) is subject to applicable income tax depending on the classification of its properties either as capital or ordinary assets.

Moreover, Section 4 of Revenue Regulations (RR) No. 9-2004, as amended, implementing Section 122 of the National Internal Revenue Code (NIRC) of 1997, as amended, as further clarified in Revenue Memorandum Circular (RMC) No. 9-2016, provides for the imposition of gross receipts tax (GRT) on Non-Bank Financial Intermediaries (NBFIs). Since **Bottlers Employees Savings and Loan Association, Inc.** is a NBFI, it is subject to GRT on income derived from its operations.

Likewise, it is subject to documentary stamp tax (DST) under the provisions of RR No. 13-2004, implementing Title VII of the NIRC of 1997, as amended, particularly on loan agreements, mortgages, pledges, foreclosures and sales, among others.

Finally, if **Bottlers Employees Savings and Loan Association, Inc.** is one of the parties to a taxable transaction, it shall be responsible for the remittance of DST due regardless of who will bear the burden of paying of DST pursuant to RR No. 9-2000.

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,

CAESAR R. DULAY
Commissioner of Internal Revenue

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