REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Section 11 of Republic Act No. 2640 OT- 372 - 2022

Date: AUG 23 2022

Person to Contact: Chief, Law & Legislative Division
Tel Nos. 8981-7328 / 8981-7327

VETERANS FEDERATION OF THE PHILIPPINES
Gatpuno Villegas St.
Brgy. 659-A Zone 071
Ermita, Manila

Attention: **VET. MANUEL R. PAMARAN (JUSTICE Ret.)**
Acting President

Gentlemen:

This refers to your request on behalf of Veterans Federation of the Philippines ("VFP") for a Certificate of Tax Exemption ("CTE") from any and all taxes pursuant to Section 11 of Republic Act ("RA") No. 2640[1].

Documents submitted disclosed that the VFP was created under RA No. 2640 dated June 18, 1960 and classified as a government instrumentality with corporate powers which is not a government-owned and controlled corporation. It was organized for the purposes under Section 4 of the said Act, to wit:

1. To uphold and defend the democratic way of life as envisioned in the Constitution of the Republic of the Philippines;
2. To represent and defend the interests of all Filipino veterans;
3. To coordinate the efforts of all different veterans of the Philippines in behalf of the interest of respective members;
4. To promote mutual help among former comrades-in-arms;
5. To perpetuate their common experience in wars;
6. To undertake acts of charity and relief works;
7. To preserve peace and order; and
8. To foster love of country and things Filipino and inculcate individual civic consciousness.

Moreover, VFP's Financial Statement shows that it derives its revenue from the following:

DESCRIPTION	AMOUNT
Lease Rental income	P
Interest income	P
Road Users income	P
Service fee	P
Lot Rental income	P
Stickers	P
Penalty	P

[1] *An Act to Create a Public Corporation to be known as the Veterans Federation of the Philippines, Defining Its Powers, and for Other Purposes*

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Condo Rental income	P.
Miscellaneous income	P.
Registration/Membership/ID income	P
TOTAL	**P.**

Hence, this request.

In reply, please be informed that Section 11 of RA No. 2640 provides that the VFP is expressly exempted from payment of any and all taxes.

Moreover, the Supreme Court in *Veterans Federation of the Philippines v. Reyes, G.R. No. 155027, February 28, 2006*, ruled that the funds in the hands of the VFP from whatever source are public funds, and can be used only for public purposes.

Thus, considering that the income in the hands of the VFP, regardless of its source, is considered public funds, and can only be used for public purpose, it follows that the same should likewise be exempt from taxes.

However, insofar as the value added tax ("VAT") is concerned, the exemption previously enjoyed by VFP was already repealed by Section 86(e) of RA No. 10963.

In view of the foregoing, this Office hereby rules that the income of VFP from whatever source is exempt from payment of any and all taxes, except for VAT, provided that the same shall only be used for public purpose.

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

Very truly yours,

Lilia C. Guillermo
LILIA CATRIS GUILLERMO
Commissioner of Internal Revenue

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