

**[BIR REVENUE MEMORANDUM ORDER NO. 34-
2014, September 18, 2014]**

**CLARIFYING CERTAIN PROVISIONS OF REVENUE MEMORANDUM
ORDER (RMO) NO. 20-2013, AS AMENDED BY RMO NO. 28-2013,
ON THE ISSUANCE OF TAX EXEMPTION RULINGS FOR
QUALIFIED NON-STOCK, NON-PROFIT CORPORATIONS AND
ASSOCIATIONS UNDER SECTION 30 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED**

Adopted: 18 September 2014

Date Filed: 29 October 2014

This Revenue Memorandum Order (RMO) is being issued to clarify certain provisions of RMO No. 20-2013, as amended by RMO No. 28-2013, on the issuance of Tax Exemption Rulings for qualified non-stock, non-profit corporations and associations under Section 30 of the National Internal Revenue Code of 1997, as amended (Tax Code).

**I. Nature of Tax
Exemption Rulings
under RMO No. 20-
2013, as amended by
RMO No. 28-2013**

Tax Exemption Rulings do not confer tax exemptions which are not provided for by law. Nor can Tax Exemption Rulings abrogate those exemptions which are granted by the law.

In the review of applications for Tax Exemption Rulings, the Bureau merely seeks to validate/confirm whether the conditions set forth by law for the grant of tax exemption are present or whether such conditions have been complied with by the applicant.

In addition, the Bureau aims to determine whether an applicant is earning income from other activities conducted for profit which should be subjected to tax in accordance with the last paragraph of Section 30 of the Tax Code. The said paragraph of Section 30 provides:

"Notwithstanding the provisions in the preceding paragraphs, the income of whatever kind and character of the foregoing organizations from any of their properties, real or personal, or from any activities conducted for profit regardless of the disposition made of such income, shall be subject to tax imposed under this Code."

Accordingly, Tax Exemption Rulings may discuss the tax treatment of any income generated from activities which are conducted for profit.