

CLIENT ADVISORY BULLETIN NO. 2020-002B (Full Deductibility and Exemption from Donor's Tax)

April 9, 2020

Gentlemen/Mesdames,

Please be informed that the Bureau of Internal Revenue (BIR) has issued **Revenue Regulation No. 9-2020**¹, dated 6 April 2020, implementing Section 4(z) and Section 4(ee) of Republic Act No. 11469, otherwise known as the "**Bayanihan To Heal As One Act**", exempting from Donor's Tax, as well as providing for full deductibility from gross income, of donations made in favor of the National Government or any entity created by any of its agencies not conducted for profit, or to any political subdivision of the government.

Specifically, donations of: (a) cash, (b) healthcare equipment or supplies, (c) relief goods, and (d) use of property, when given for the sole and exclusive purpose of combatting COVID-19 during the period of the state of national emergency, shall be considered **fully deductible against the gross income of the donor**, when the following conditions are met:

Donee/Recipient	Documentary Requirement
1. National Government or any entity created by any of its agencies, which is conducted not for profit (including public hospitals), or to any political subdivision of the government, including fully-owned government corporations	Deed of Donation
2. Accredited non-stock, non-profit educational and/or charitable, religious, cultural or social-welfare corporation, institution, foundation, non-government organization, trust or philanthropic organization and/or research institution or organization	Certificate of Donation (BIR Form 2322)

Furthermore, the donation of healthcare equipment/supplies and relief goods shall not be treated as a transaction deemed sale subject to VAT under Section 106(B) of the NIRC, and any input VAT attributable to such purchase of goods shall be credited against any other output tax.

The aforementioned donations, in addition to being **fully deductible against the gross income of the donor**, shall also be **exempt from Donor's Tax**, as follows:

¹https://www.bir.gov.ph/images/bir_files/internal_communications_1/Advisory/posted%20during%20quarantine%20march%202020/RR%20No.%209-2020.pdf

Donee/Recipient	Requirements for Donee ²	Requirements for Donor ³
Accredited non-stock, non-profit educational and/or charitable, religious, cultural or social-welfare corporation, institution, foundation, non-government organization, trust or philanthropic organization and/or research institution or organization	Liquidation Report ⁴	1. Sworn Certification ⁵ 2. BIR-registered Acknowledgment Receipt ⁶
Local private corporations, civic organizations, and/or international organizations/institutions, provided that they shall (i) actually, directly and exclusively, distribute and/or transfer said donations/gifts to, and/or (ii) partner as conduit/logistical machinery with, the accredited NGOs and/or national government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the government	1. Liquidation Report ⁷ 2. Certificate of Donation (BIR Form 2322) or Deed of Donation	1. Certificate of Donation (BIR Form 2322) or Deed of Donation duly issued by the accredited NGO or government institution, in the name of the donor 2. Proof of Purchase (if donation is in kind) 3. BIR-registered Acknowledgment Receipt ⁸

In keeping with our commitment of providing our clients and the public with the best possible service we can, we will continue to provide you with relevant updates on issuances made by the various government agencies during the period of ECQ.

Keep safe.

Thank you very much.


DAMIAN M. PLACIDO, JR.
Managing Partner

² To be submitted to the respective Revenue District Office (RDO) where the donor and donee are registered, within sixty (60) days from the lifting of the ECQ.

³ *Ibid.*

⁴ Attached as Annex "A".

⁵ Attached as Annex "B".

⁶ Attached as Annex "C".

⁷ See attached Annex "A".

⁸ See attached Annex "C".

ANNEX "A"

LIQUIDATION REPORT

CASH								
	Donor (Corporation/ Individual)	Date Received by Donee	Amount	Acknowledge- ment Receipt No.	Balance Beginning	Amount of Utilization	Donee- Recipient/ Beneficiary	Balance End
1								
2								
3								
4								
5								

GOODS/ EQUIPMENT						
	Donor (Corporation/ Individual)	Date Received by Donee	Particulars/ Description	Value	Acknowledgement Receipt No.	Donee- Recipient/ Beneficiary
1						
2						
3						
4						
5						

Prepared By:

Certified Correct By:



ANNEX "B"

FOR CORPORATION

REPUBLIC OF THE PHILIPPINES)

) S.S.

SWORN CERTIFICATION

I, *(name)*, *(citizenship)*, of legal age, and with office address at *(full address)*, being duly sworn, hereby depose and state that:

1. I am the *(position)* of *(name of the Company)* (the "Company"), with principal address at *(address of the Company)*;
2. On *(date)* we made a donation *(in cash/in kind)* to *(name of donee)*, *(which comprises of [particulars, if in kind])*;
3. The *(amount/value)* of said donation is Php*(amount/value)*;
4. Our donation was made for the sole and exclusive purpose of assisting *(donee)* in the fight against COVID 19.

IN WITNESS WHEREOF, I have here unto set my hand on this _____ day of _____ in _____, Philippines.

President/Authorized Representative

SUBSCRIBED AND SWORN TO before me on this _____ day of _____, in _____, Philippines, affiant exhibiting to me his _____ issued on _____ at _____.

Notary Public

Doc No. _____;
Page No. _____;
Book No. _____;
Series of 2020.



FOR INDIVIDUAL

REPUBLIC OF THE PHILIPPINES)
) S.S.

SWORN CERTIFICATION

I, *(name)*, *(citizenship)*, of legal age, and with residential address at *(full address)*, being duly sworn, hereby depose and state that:

1. On *(date)*, I made a donation *(in cash/in kind)* to *(name of donee)*, *(which comprises of [particulars, if in kind])*;
2. The *(amount/value)* of said donation is Php*(amount/value)*;
3. (If pooled donation only) Out of the total donation, Php*(amount/value)* was my personal contribution;
4. My donation was made for the sole and exclusive purpose of assisting *(donee)* in the fight against COVID 19.

IN WITNESS WHEREOF, I have here unto set my hand on this _____ day of _____ in _____, Philippines.

Name of Individual

SUBSCRIBED AND SWORN TO before me on this _____ day of _____, in _____, Philippines, affiant exhibiting to me his _____ issued on _____ at _____.

Notary Public

Doc No. _____;
Page No. _____;
Book No. _____;
Series of 2020.



ANNEX "C"

FOR CASH

ACKNOWLEDGEMENT RECEIPT

This is to acknowledge receipt on _____ of cash in the total amount of Php(amount)_____ from (Corporation/Individual)_____.

Authorized Representative

FOR GOODS

ACKNOWLEDGEMENT RECEIPT

This is to acknowledge receipt on _____ of (quantity and description of goods) _____ in the total amount of Php(amount)_____ from (Corporation/Individual)_____.

Authorized Representative

