



BIR
RULING
NO. 466-
2014

FEBRUARY 7, 2020

FICCO COMMUNITY OUTREACH FOUNDATION, INC.

- filed an application for tax exemption certificate enjoyed by non-stock, non-profit corporation or association under section 30(E) of National Internal Revenue Code of 1997, as amended.

- it stated in its application that it is a non stock, non profit corporation registered with SEC with the following purposes:





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1. To provide, engage in and undertake various community-related services.
 2. To set up scholarship programs.
 3. To institute programs that will empower and build capacity of cooperatives, cooperative banks, microfinancing institutions and other Non government organizations.



4. To institute or support programs that will protect and preserve the environment.

5. To engage in resource-generating ventures to support/finance community related services



6. To acquire real estate, machineries, or any other personal property that will be used to achieve the social-responsibility promoting programs of the foundation.

7. To accept donations and grant-in-aid in order to finance its services among other sources.

ISSUE:

Whether or not FICCO Community Outreach Foundation, Inc. be qualified as a non-stock, non-profit corporation under section 30 (e) of the NIRC of 1997, as amended?



Non stock, non profit corporation

- NO part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer or any specific person.

Whether or not FICCO Community Outreach Foundation, Inc. be qualified as a non-stock, non-profit corporation under section 30 (e) of the NIRC of 1997, as amended?

No.

- Being a non-stock, non-profit corporation does not, by this reason alone, completely exempt an institution from tax.
- Statutes granting tax exemptions are construed strictly against the taxpayer and liberally in favor of the taxing authority.

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- The financial statements of FICCO Community Outreach Foundation, Inc. show that most of its income came from the donations made by First Community Cooperative.
 - The funds of the foundation are being invested in a profit-oriented activity and NOT exclusively for charitable purposes
 - Lending of funds to FICCO branches for rice trading ventures in return for profits is a form of financial assistance/private inurement which the law prohibits in the organization and operation of a non-stock, non-profit corporation.



RMC 51-2014 provides that:

To qualify as a non-stock, non-profit corporation exempt from income tax, its earnings or assets shall not inure to the benefit of any of its trustees, organizers, officers, members or any specific person

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