



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 30 (C)
DA-467-07
NSRP(S30C-020)511-2009
8-24-2009

TSPI MUTUAL BENEFIT ASSOCIATION, INC.

Ground Floor, Padilla Building
Emerald Avenue, Ortigas Center, Pasig City

Attention: Ms. Nelia A. Navve
Chief Finance Officer

Gentlemen:

This refers to your letter dated December 17, 2007 requesting for the issuance of a certificate of exemption as a tax exempt corporation.

Documentary evidence submitted disclosed that the TSPI MUTUAL BENEFIT ASSOCIATION, INC. with TIN 241-674-942-000 is a non-stock, non-profit corporation registered with the Securities and Exchange Commission under SEC Registration No. CN200508617 dated August 31, 2005; and that the purposes for which the corporation was organized, among others are as follows, viz:

- a. To extend financial assistance to the members and immediate members of their families in the form of death benefits, medical reimbursement, pension, loan redemption assistance, disability benefit and other services for the benefit of the members.

Based on the foregoing, this Office is of the opinion and so holds that the TSPI MUTUAL BENEFIT ASSOCIATION, INC. falls within the purview of a non-stock, non-profit mutual aid corporation as contemplated under Section 30(C) of the Tax Code of 1997. Accordingly, it is exempt from the payment of income tax on income received by it as such organization, and therefore, need not file an income tax return.

However, it is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code of 1997 on its income derived from any of its properties, real or personal, or any activity conducted for profit regardless of the disposition thereof, which income should be returned for taxation. Likewise, interest income from currency bank deposits and yield or any other monetary benefit from deposit substitute instruments and from trust funds and similar arrangements, and royalties derived from sources within the Philippines are subject to the 20% final withholding tax; provided, however, that interest income derived from it from a depository bank under the expanded foreign currency deposit system shall be subject to 7 ½ %

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final withholding tax pursuant to Section 27(D)(1) in relation to Section 57(A), both of the Tax Code of 1997. Moreover, it is required to file on or before April 15 of each year a profit and loss statement and balance sheet with the annual information return under oath, stating its gross income and expenses incurred during the year and a certificate showing that there has not been any change in its By-Laws, Articles of Incorporation, manner of operation and activities as well as resources and disposition of income.


It should be understood that the said exempt non-stock, non-profit organization shall be constituted as withholding agent for the government if it acts as an employer and its employees receive compensation income subject to the withholding tax under Section 79(A), Chapter XIII, Title II of the tax Code of 1997. as implemented by Revenue Regulations No. 2-98, or if it makes income payments to individuals or corporations subject to the withholding tax pursuant to Section 57 of the Tax Code of 1997, also as implemented by Revenue Regulations No. 2-98.

It is of course understood that its books of accounts and other pertinent records shall be subject to periodic examination by revenue enforcement officers of this Bureau for the purposes of ascertaining whether it complies with the conditions under which it has been granted tax exemption or tax incentives and pays its tax liabilities, if any, pursuant to Section 235 of the Tax Code of 1997.

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,

Commissioner of Internal Revenue
By:


JAMES H. ROLDAN
Assistant Commissioner
Legal Service

K-1-MFC