

[ **EXECUTIVE ORDER NO. 720, April 11, 2008** ]

**ESTABLISHMENT OF A GOVERNMENT-NONGOVERNMENT PARTNERSHIP IN THE ACCREDITATION OF DONEE INSTITUTIONS RELATIVE TO THE TAX DEDUCTIBILITY OF CHARITABLE CONTRIBUTIONS UNDER SECTION 34(H) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

**WHEREAS**, it is the policy of the government to encourage public-private partnership in nation-building, and in particular, to strengthen its role in the improvement of tax administration and taxpayer compliance towards the attainment of fiscal stability and growth;

**WHEREAS**, Republic Act No. 8424 or the "Tax Reform Act of 1997" amended the National Internal Revenue Code, specifically, Title II Chapter VII Section 34(H) by providing that charitable contributions or gifts made to accredited domestic corporation or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or education purposes or for the rehabilitation of veterans, or to social welfare institutions, or to non-government organizations, in accordance with rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, shall be allowed as deductible business expenses for income tax purposes.

**WHEREAS**, to implement the foregoing provision whose underlying objective is to institute a tax administration control tool in the form of an innovative mechanism which would help the Bureau of Internal Revenue (BIR) to ensure that only legitimate donations are claimed as deductible expenses, a system of accreditation of domestic corporations or associations as donee institutions has been established, initially, through a Memorandum of Agreement between the Philippine Council for NGO Certification (PCNC) and the Department of Finance (DOF) signed on January 29, 1998 and formally, through Revenue Regulations No. 13-98 issued by the BIR on December 8, 1998;

**WHEREAS**, the government recognizes that mobilizing the non-government sector would promote transparency and accountability in evaluating, accrediting and monitoring donee institutions, being direct beneficiaries of contributions from donor institutions or individuals;

**WHEREAS**, the PCNC, which has been designated to establish and operationalize a system of accreditation, is a private, voluntary, non-stock, non-profit corporation established by six of the country's largest national NGO networks, namely, the Caucus of Development NGO Networks, the Philippine Business for Social Progress, the Association of Foundations, the Bishops-Businessmen Conference for Human Development, the National Confederation of Cooperatives, and the National Council for Social Development, whose objective is to encourage private sector participation