

**[BIR REVENUE MEMORANDUM CIRCULAR NO. 7-
2012, February 23, 2012]**

**CIRCULARIZATION OF BIR RULING NO. 023-10 DATED AUGUST
4, 2010 ON THE CAPITAL GAINS TAX AND DOCUMENTARY
STAMP TAX LIABILITY OF A NON-STOCK NON-PROFIT
ORGANIZATION ON ITS DISPOSITION OF REAL PROPERTY**

Adopted: 23 February 2012

Date Filed: 29 February 2012

For the information and guidance of all internal revenue officials and employees concerned, quoted hereunder is the relevant portion of BIR Ruling No. 023-10 dated August 4, 2010, concerning the Capital Gains Tax (CGT) and Documentary Stamp Tax (DST) liability of non-stock non-profit organization on its real property disposition:

"xxx xxx xxx

It appears that MIDFI is a non-stock, non-profit corporation and a legal opinion is sought whether or not it is exempt from paying capital gains tax.

In reply thereto, please be informed as follows:

The last paragraph of Section 30 (then Section 26) of the Tax Code, clearly subjects to tax the income of whatever kind and character derived by any organization otherwise exempt under the same section, from any of its properties or activities conducted for profit, regardless of the disposition made of such income.

Specifically, the Tax Code provides as follows:

"Sec. 30. Exemptions from Tax on Corporations. – The following organizations shall not be taxed under this Title in respect to income received by them as such:

xxx xxx xxx

(E) Nonstock corporation or association organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans, no part of its net income or assets shall belong to or inure to the benefit of any member, organizer, officer or any specific person;