



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE



FEB 20 2025

REVENUE REGULATIONS NO. 013-2025

SUBJECT: Consolidated Provisions to Simplify and Streamline the Procedures and Requirements Relative to the Availment of the Tax Exemptions and Incentives Granted to the Participating Private Entities Under Republic Act No. 8525 or the "Adopt-a-School Act of 1998", Republic Act No. 12063 or the "Enterprise-Based Education and Training (EBET) Framework Act", and the Tax Code.

TO: All Internal Revenue Officials, Employees and Others Concerned

SECTION 1. Scope. – It is the policy of the State to institute various programs that encourage private entities to help or assist in upgrading and modernizing educational institutions in the Philippines.

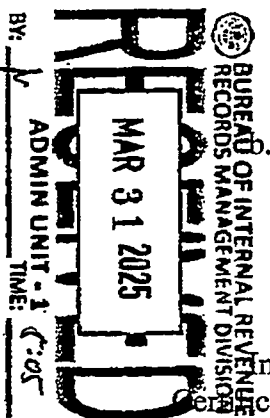
Therefore, pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), the following Regulations are hereby promulgated to consolidate provisions of Revenue Regulations (RR) No. 10-2003 and Section 294 (C) (2) and (4) of the Tax Code, in order to ensure the efficient and effective implementation of the tax incentives granted under Sections 5 and 6 of RA No. 8525, Sections 19 and 20 of RA No. 12063 and the Tax Code.

SECTION 2. Incentives to registered export and domestic enterprises under Section 294 (C)(2) and (C)(4) of the Tax Code. – Registered export and domestic market enterprises are allowed to deduct:

a. Fifty percent (50%) additional deduction on the labor expense incurred in the taxable year. The said additional deduction on the labor expense shall not include salaries, wages, benefits, and other personnel costs incurred for managerial, administrative, indirect labor, and support services; and

One hundred percent (100%) additional deduction on training expense incurred in the taxable year. The additional training expense shall only apply to trainings, as approved by the Strategic Investment Priority Plan, given to the Filipino employees engaged directly in the registered business enterprise's production of goods and services.

In availing of the above incentive, the Applicant shall attach to its ITR the Certification from the DepED or CHED or TESDA and a Sworn Declaration issued by Applicant or its authorized officer as to the amount of the expenses being deducted and that the Applicant has the requisite qualifications to avail of the incentives.



The Applicant shall keep the official invoices and other supporting documents to support the expenses for purposes of BIR post-audit.

SECTION 3. Incentives granted to private entities under RA No. 8525, as implemented by RR No. 10-2003 (Adopt-a-School Program). –

A. Incentives granted to adopting private entities. – A private entity, which enters into an agreement² with a public school to provide assistance³ (Adopting Private Entity) shall be entitled to the following tax exemptions and incentives:

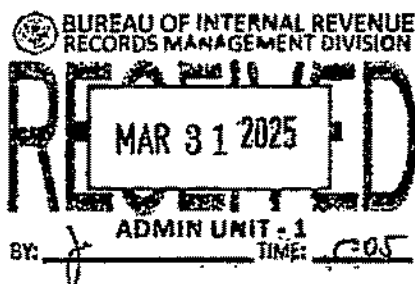
i. Deduction from the gross income of the amount of contribution/donation that were actually, directly and exclusively incurred for the program, subject to limitations, conditions and rules set forth in Section 34(H) of the Tax Code,⁴ plus an additional amount equivalent to fifty percent (50%) of such contribution/donation subject to the following conditions:

1. That the deduction shall be availed of in the taxable year in which the expenses have been paid or incurred;
2. That the taxpayer can substantiate the deduction with sufficient evidence, such as official invoice and other adequate records:

a. The amount of expenses being claimed as deduction;

b. The direct connection or relation of the expenses to the Adopting Private Entity's participation in the Adopt-a-School Program. The Adopting Private Entity shall also provide a list of projects and/or activities undertaken and the cost of each undertaking, indicating in particular where and how the assistance has been utilized as supported by the agreement; and

c. Proof or acknowledgment of receipt of the contributed/donated property by the recipient public school.



² Memorandum of Agreement or Deed of Donation entered into by and between the Adopting Private Entity and the public school specifying the terms and conditions of the adoption, including the tasks and responsibilities of the contracting parties.

³ Refers to aid/help/contribution/donation provided by an Adopting Private Entity to a public school in the form of, but not limited to, infrastructure, teaching and skills development, learning support, computer and science laboratories, and food and nutrition.

⁴ Contributions or gifts actually paid or made within the taxable year to or for the use of accredited domestic corporation or associations organized and operated exclusively for educational purposes in accordance with rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, no part of the net income of which inures to the benefit of any private stockholder or individual in an amount not in excess of ten percent (10%) in the case of an individual, and five percent (5%) in the case of a corporation, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of this and the following subparagraphs. However, donations to accredited nongovernment institutions or entities organized and operated exclusively for educational, which no part of the net income of which inures to the benefit of any private individual, shall be deductible in full, following the procedures set forth in Section 34(H)(2)(c) of the Tax Code.

- ii. Exemption from donor's tax prescribed under Section 101 (A)(2) and (B)(2) of the Tax Code.

An Adopting Private Entity shall refer to an individual engaged in trade or business or engaged in the practice of his profession or other business organizations, like a partnership, corporation or cooperative, either resident or non-resident, who/which teams up with the DepEd, or CHED, or TESDA, towards providing much needed assistance and service to public schools.

In the case of foreign donation, the VAT and excise tax, if any, on the importation of goods shall be assumed by the DepEd, or CHED, or TESDA, as the case may be, being the consignee or the importer thereof, except in cases where the importation is exempt from VAT under Section 109 of the Tax Code. In this connection, VAT on importation payable by the concerned national government agency (namely, DepEd, CHED or TESDA) to the National Government arising from the subject foreign donation is deemed automatically appropriated and shall be considered as expenditure of the government pursuant to the provisions of the Government Appropriation Act (GAA) as determined by the Congress on an annual basis.

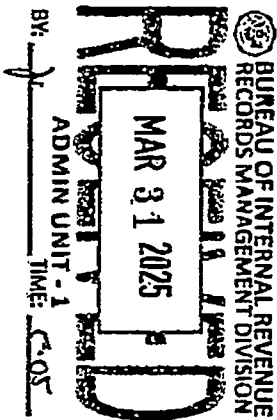
In the case of local donation considered as a "transaction deemed sale" of goods or properties originally intended for sale by the Adopting Private Entity, the same shall be subject to VAT on the transfer of the said goods or properties under Section 106(B)(1) of the Tax Code. The said donor or Adopting Private Entity, however, is entitled to claim the available input tax subject to the rules on allocation among taxable sales, zero-rated sales and exempt sales. On the other hand, the donee-public school, shall be deemed as the final consumer/end-user, and therefore, not entitled to any input VAT.

If the local donation is not considered as a "transaction deemed sale," then the transfer of the goods or properties to the public school shall be exempt from VAT.

B. Availment of tax exemption and incentives. –

- i. For the exemption from donor's tax and deduction of donations and contributions from the taxable income for income tax purposes, the Adopting Private Entity shall attach to its donor's tax return and ITR for the period when the donation is made and deduction is claimed, the original or certified true copy of the following documents to support and substantiate its claim:
1. Duly notarized/approved agreement between the Adopting Private Entity and the public school, as endorsed by the National Secretariat;⁵
 2. Duly notarized Deed of Donation and Acceptance; and

⁵ Office composed of representatives of the three education agencies, namely the DepEd, CHED and TESDA, which will provide overall management and coordination of the Adopt-a-School Program.



3. Sworn Declaration issued by the authorized officer of the Adopting Private Entity as to the direct connection or relation of the expenses being claimed as deduction/donation to the Adopting Private Entity's participation in the program. The Adopting Private Entity shall provide a list of projects and/or activities undertaken and the cost of each undertaking, indicating in particular where and how the assistance has been utilized as supported by the agreement.

The Adopting Private Entity shall keep the official invoices and other supporting documents to support the expenses for purposes of BIR post-audit.

SECTION 4. *Incentives granted to Technical-Vocational Institutions (TVIs) implementing a registered Enterprise-Based Education and Training (EBET) Framework under RA No. 12063. –*

A. *Incentives granted to TVIs. –* Enterprises implementing a registered EBET Program, shall be entitled to the following tax exemptions and incentives:

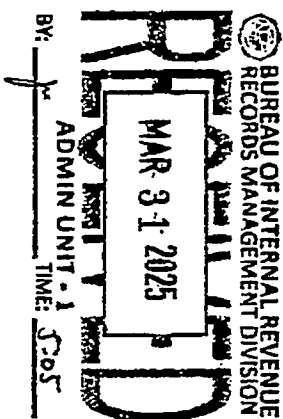
- i. They shall be allowed to avail of an additional deduction from taxable income equivalent to 50% of actual training expenses from the effectivity of RA No. 12063 up to December 31, 2027: Provided, That starting January 1, 2028, the additional deduction shall increase to seventy-five percent (75%) of the actual training expenses: Provided further, That such deduction shall not exceed five percent (5%) of their total direct labor expenses, or P25,000,000.00 a year, whichever is lower. For this purpose, the enterprise shall secure the proper certification from the TESDA.
- ii. Donations, contributions, bequests, subsidies, or financial aid actually paid or made to a TVI implementing theoretical instructions for EBET Programs within the taxable year shall be exempt from payment of donor's tax and shall be deductible from the gross income of the donor, subject to the provisions of the Tax Code.

For this purpose, TVIs shall not be required to obtain accreditation, notwithstanding any law to the contrary, but they shall secure the proper certification from the TESDA.

Donations, contributions, bequests, subsidies, or financial aid made under this section, which are certified by the TESDA to be actually, directly and exclusively for the conduct of a registered EBET Program, shall be exempt from taxes and duties.

B. *Availment of tax exemption and incentives. –*

- i. In availing of the additional deductions under item A(i) above, the enterprise shall attach the following documents in its ITR:



1. Certification from TESDA; and
2. Sworn Declaration issued by the authorized officer of the enterprise as to the amount of the expenses being deducted and that the enterprise has the requisite qualifications to avail of the incentives.

The enterprise shall keep the official invoices and other supporting documents to support the expenses for purposes of BIR post-audit.

- ii. For the exemption from donor's tax and deduction of donations and contributions from the taxable income for income tax purposes, the donor shall attach to its donor's tax return and ITR for the period when the donation is made and deduction is claimed, the original or certified true copy of the following documents to support and substantiate its claim:

1. Duly notarized Deed of Donation and Acceptance;
2. Certification from TESDA that the donations, contributions, bequests, subsidies, or financial aid are actually, directly and exclusively used for the conduct of a registered EBET Program.

The donor shall keep the official invoices and other supporting documents to support the expenses for purposes of BIR post-audit.

SECTION 5. *Valuation of the assistance/contribution or donation made by private entities to educational institutions covered by these Regulations.* – The assistance, contribution or donation made by private entities covered by these Regulations shall be valued as follows:

A. *Cash assistance/contribution or donation*

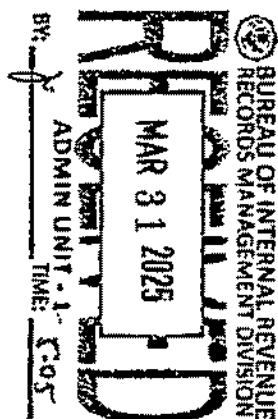
The amount of assistance/contribution or donation shall be based on the actual amount contributed/donated appearing in the official invoice issued by the donee.

B. *Personal property*

If the contribution or donation is in the form of personal property, the amount of the contribution or donation shall be based on the acquisition cost of the said assistance or contribution. However, if the said property had already been used, then such valuation shall take into consideration the depreciated value of the property.

C. *Consumable goods*

If the assistance is in the form of consumable goods, the amount of the contribution or donation shall be based on the acquisition cost by the donor or the actual cost thereof at the time of the donation, whichever is lower.

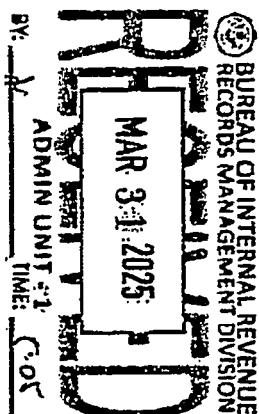


D. Services

If the assistance is in the form of services, the amount of the contribution or donation shall be based on the value of the services rendered as agreed upon by the donor and the service provider and the educational institutions as fixed in the agreement, or the actual expenses incurred by the donor, whichever is lower.

E. Real Property

If the assistance is in the form of real property, the amount of the contribution or donation shall be the fair market value of the property at the time of the contribution/donation, as determined pursuant to RA No. 12001 or Section 6(E) of the Tax Code, as the case may be, or the book value/depreciated value of the property, whichever is lower. Appraisal increase or appreciation in the value of the asset recorded in the books of account should not be considered in computing the book value of the asset.



SECTION 6. Rules on availment of tax exemptions and incentives. – In preparing the ITR, Applicants shall indicate the legal basis of the exemption and incentives availed of (i.e., RA No. 8525, RA No. 12063 or Section 294(C)(2) and (4) of the Tax Code) on the “Special Allowable Itemized Deductions” field of the ITR.

In addition, the availment of the above tax exemptions/incentives shall be mutually exclusive and shall bar the Applicant’s availment of any similar incentives granted by other general or special laws, rules or regulations.

SECTION 7. Role of the government agencies granting incentives. – Government agencies granting incentives covered in these Regulations shall provide the BIR a master list of entities with granted/cancelled incentives which contains the information needed in the audit investigation/verification by the concerned investigating office of the BIR through the Audit Information, Tax Exemption and Incentives Division, within twenty (20) days following the close of each taxable quarter. The form of the master list/matrix that will be submitted by the concerned parties shall be prescribed in a separate issuance.

SECTION 8. Conduct of Post audit of the BIR. – Pursuant to Section 235 of the Tax Code and RR No. 12-2018,⁶ any provision of existing laws, rules or regulations to the contrary notwithstanding, the books of accounts and other pertinent records of tax-exempt organizations or grantees of tax incentives shall be subject to examination by the BIR for purposes of ascertaining compliance with the conditions under which they have been granted exemptions or tax incentives and their tax liability, if any.

SECTION 9. Transitory Provision. – Upon effectivity of these Regulations, any pending request for tax exemption with the BIR relating to the availment of the above incentives shall be deemed approved, provided that the Applicant has all the requisites to qualify for the incentives. Moreover, the concerned Applicant shall submit the

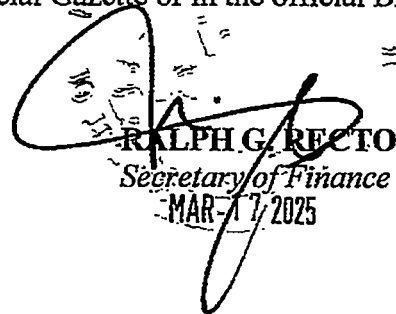
⁶ Consolidated Revenue Regulations on Estate Tax and Donor’s Tax Incorporating the Amendments Introduced by Republic Act No. 10963, Otherwise Known as Tax Reform for Acceleration and Inclusion (TRAIN) Law, January 25, 2018.

documentary requirements mandated under these Regulations to the BIR during audit to determine its compliance with the above provisions. Failure to comply shall result to disallowance of claimed expenses and tax exemptions.

SECTION 10. *Separability Clause.* – If any provision of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in force and effect.

SECTION 11. *Repealing Clause.* – The provisions of any regulations, rulings or orders, or portions thereof which are inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

SECTION 12. *Effectivity Clause.* – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or in the official BIR website, whichever comes first.


RALPH G. RECTO
Secretary of Finance
MAR 17 2025



Recommending Approval:




ROMEO D. LUMAQUI JR.
Commissioner of Internal Revenue

