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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

National Office Building
Quezon City



**BAGONG
PILIPINAS**
APR 29 2025

REVENUE MEMORANDUM ORDER NO. 022-2025

SUBJECT : Amending the Guidelines in the Processing and Issuance of Certificate of Tax Exemption under Revenue Memorandum Order No. 38-2019 Entitled as "*Tax Exemption of Non-Stock, Non-Profit Corporations Under Section 30 of the National Internal Revenue Code of 1997, as Amended*"

TO : All Internal Revenue Officers and Others Concerned

Section 1. Background – Revenue Memorandum Order (RMO) No. 38-2019 was issued to clarify the nature, character, and tax treatment of corporations under Section 30 of the National Internal Revenue Code (NIRC) of 1997, as amended, and to devolve to the Revenue Regions the issuance of the Certificate of Tax Exemption (CTE) to said corporations.

The recent passage of Republic Act No. 12021 or the "*Magna Carta of Filipino Seafarers*" mandated the recognition of exemptions from taxes, duties, and other assessments provided in Article 251 of Presidential Decree No. 442, as amended, enjoyed by legitimate labor organizations of seafarers, without need to apply for confirmation of such exemptions. Additionally, the Implementing Rules and Regulations (IRR) of the said law states that in availing of the said exemptions from taxes, duties and other assessments provided, a legitimate labor organization of seafarers shall only be required to submit a certification from the Department of Labor and Employment (DOLE) to the concerned government agencies that it is included in the register of legitimate labor organizations. Hence, there exists a necessity to amend certain portions of RMO No. 38-2019 to align with the intentions of the said law and its IRR.

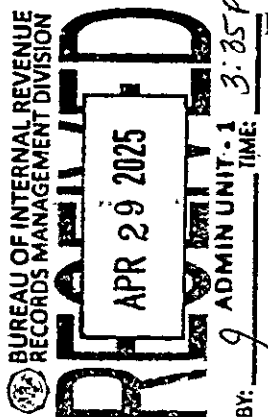
Section 2. – Part V of RMO No. 38-2019 is hereby amended as follows:

**“V. TAXATION OF ORGANIZATIONS AND CORPORATIONS UNDER SEC. 30
OF THE NIRC OF 1997, AS AMENDED**

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D. Tax Exemption of a legitimate labor organization of seafarers

- 1) Notwithstanding any provision of a general or special law to the contrary the income and the properties of a legitimate labor organization of seafarers, including grants, endowments, gifts, donations and contributions they may receive from fraternal and similar organizations, local or foreign, which are actually, directly and exclusively used for their lawful purposes, shall be free from taxes, duties and other assessments. The exemptions provided therein may be withdrawn only by a special law expressly repealing the Section 8 (second paragraph) of Republic Act (RA) No. 12021 or the "*Magna Carta of Filipino Seafarers*".



- 2) The limitations provided under this Order for income tax exemption, obligation as withholding agents, and liability for VAT or percentage tax shall still apply to a legitimate labor organization of seafarers.”

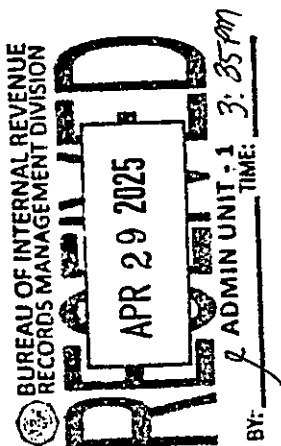
Section 3. – Part VI of RMO No. 38-2019 is hereby amended as follows:

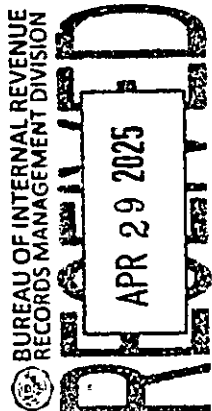
“VI. GUIDELINES IN THE PROCESSING AND ISSUANCE OF CERTIFICATE OF TAX EXEMPTION OR AVAILMENT OF TAX EXEMPTIONS

XXXX XXXX XXXX

C. Documentary Requirements for the availment of tax exemptions by legitimate labor organization of seafarers

1. Legitimate labor organizations of seafarers need to register as a taxpayer at the RDO having jurisdiction with their principal place of business. Since the tax exemptions provided under Article 251 of Presidential Decree (PD) No. 442, as amended, or the Labor Code of the Philippines, Section 8 of RA No. 12021 or the *“Magna Carta of Filipino Seafarers”*, and Section 30 of the NIRC, as amended, are granted to a legitimate labor organization as a non-stock, non-profit entity, they do not need to apply for a Certificate of Tax Exemption but they need to submit upon registration the following documents:
 - a. Certified true copy of the latest Articles of Incorporation (AOI) and By-Laws issued by the Securities and Exchange Commission (SEC). The AOI must expressly state the following provisions, to wit:
 - i. It is a non-stock, non-profit corporation or association;
 - ii. No part of the corporation or association's net income shall inure to the benefit of any private individual;
 - iii. The trustees of the non-profit corporation or association do not receive any compensation or remuneration; and
 - iv. In case of dissolution, its assets shall be distributed to one or more entities formed for the purpose/purposes similar to its own, or to the Philippine government for public purpose.
 - b. Original Certification under Oath by an executive officer of the corporation or association as to: (i) full description of its past, present, and proposed activities, (ii) the sources and disposition of income, (iii) detailed description of all revenues which it seeks to be exempted from income tax, and (iv) amount of income, compensation, salaries or any emoluments paid by the corporation or association to its trustees, officers and other executive officers.
 - c. Legitimate labor organizations of seafarers shall submit a certified true copy of the certification from the Department of Labor and Employment (DOLE) that it is included in the register of legitimate labor organizations to the RDO where it is registered within sixty (60) days from the effectivity of the IRR of RA No. 12021.
2. Pursuant to Section 8 of RA No. 12021 or the *“Magna Carta of Filipino Seafarers”*, legitimate labor organization of seafarers no longer need to apply for a Certificate of Tax Exemption in order to avail of the tax



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exemptions provided to them. *However, the availment of the said tax exemptions shall be without prejudice to the conduct of post-audit investigation and/or investigation by concerned RDO having jurisdiction over their principal place of business.*

3. In order to monitor their status as a legitimate labor organization which is a continuing qualification for their eligibility to the tax exemption provided under Section 8 of RA No. 12021, legitimate labor organizations of seafarers shall attach an updated certified true copy certification from the DOLE that it is still included in the register of legitimate labor organizations when they file their Annual Income Tax Returns.
4. Legitimate labor organization availing of the tax exemptions shall inform the Bureau of the Internal Revenue, through the RDO where they are registered, of the cancellation of their registration with the DOLE and/or non-inclusion in the list of legitimate labor organizations. Noncompliance herewith shall be subjected to penalties under pertinent laws and revenue issuances.”

Section 4. Part VIII of RMO 38-2019 is hereby amended as follows:

“VIII. QUARTERLY REPORT ON THE ISSUANCE OF CTEs AND ANNUAL REPORT AVAILMENT OF TAX EXEMPTIONS

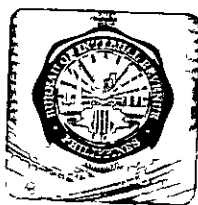
All Regional Directors are required to submit on or before the 20th day of the month following the end of each quarter a Quarterly Summary Report of all CTEs issued to Section 30 corporations together with the copies of the said CTEs to the Audit Information, Tax Exemption and Incentives Division (AITEID), with a copy furnished to the Assistant Commissioner, Legal Service, for a centralized database of issued CTEs.

All Revenue District Offices shall keep an inventory list or record of all labor organizations registered within their respective jurisdiction availing of the incentives under RA No. 12021 and shall submit the same to the AITEID, with a copy furnished to the Assistant Commissioner, Legal Service, on an annual basis, not later than the 30th of January.”

Section 5. Repealing Clause – Any revenue issuance which is inconsistent with Order is deemed revoked, repealed, or modified accordingly.

Section 6. Effectivity – This Order takes effect immediately and shall be given as wide a publicity as possible.

K-1-EACR11



ROMEO D. LLAGUI, JR.
Commissioner of Internal Revenue