

REVENUE REGULATIONS NO. 26-2020 issued on October 6, 2020 implements Section 4 (zzz) of Republic Act (RA) No. 11494 (Bayanihan to Recover as One Act) relative to donations of identified equipment for use in public schools.

The Regulations cover all donations of personal computers, laptops, tablets, or similar equipment (i.e. mobile phone, printer) for use in teaching and learning in public schools starting from the effectivity of the said Act on September 15, 2020 up to December 19, 2020.

Donor/s of said equipment shall be entitled to the following tax incentives:

- a. Deduction from the gross income of the amount of contribution/donation subject to limitations, conditions and rules set forth in Section 34 (H) of the Tax Code and to the following conditions:
 - i. That the Deed of Donation shall indicate in detail the items donated, its quantity/number and the amount/value of the donation;
 - ii. That the deduction shall be availed of in the taxable year in which the expenses have been paid or incurred;
 - iii. That the taxpayer can substantiate the deduction with sufficient evidence, such as sales invoice/s, delivery receipt and other adequate records -
 - The amount of expenses being claimed as deduction;
 - Proof or acknowledgement of receipt of the contributed/donated property by the recipient public school.
- b. Exemption from the payment of Donor's Tax pursuant to Sections 101 (A) (2) and (B) (2) of the Tax Code.
- c. In case of foreign donation, the importation of personal computers, laptops, tablets, or similar equipment by the Department of Education (DEPED), or Commission on Higher Education (CHED), or TESDA, shall be EXEMPT from Value-Added Tax (VAT); provided, that if the importer/consignee is other than the abovementioned agencies, in order for the imported articles to be exempt from VAT, the importer should present a Deed of Donation duly accepted by the abovementioned agencies.

The importation hereof shall not be subject to the issuance of Authority to Release Imported Goods (ATRIG) under Revenue Memorandum Order (RMO) No. 35-2002, as amended, and the said goods may be released by the Bureau of Customs (BOC) without the need of ATRIG. The BIR may, however, conduct post investigation audit on the importations released by the BOC without ATRIG pursuant to the Regulation.

- d. In the case of local donation where the personal computers, laptops, tablets, or similar equipment are originally intended for sale or for use in the course of business by the donor, the same shall not be treated as transaction deemed sale subject to VAT under Section 106 (B) (I) of the Tax Code. Furthermore, any input tax VAT attributable to the purchase of donated personal computers, laptops, tablets, or similar equipment not previously claimed as input tax shall be creditable against any output tax.

The above rules shall also apply to donations by ECOZONE locators to the abovementioned agencies.

For purposes of availment of the tax incentives provided under the Regulations, no prior determination or ruling issued by the BIR shall be required.

The amount of donation shall be based on the actual acquisition cost of personal computers, laptops, tablets, or similar equipment donated. If the personal computers, laptops, tablets, or similar equipment donated had already been used, its depreciated value shall be taken into consideration.