

REVENUE REGULATIONS NO. 15-2023 issued on December 13, 2023 implements the grant of Donor's Tax exemption on the donation of imported capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity by Registered Business Enterprises (RBEs) of any existing Investment Promotion Agencies (IPAs) under Section 295 (C)(2)(e) of the Tax Code of 1997, as amended.

The donation of capital equipment, raw materials, spare parts, or accessories, which were granted tax and customs duty exemption to the Technical Education and Skills Development Authority (TESDA), State Universities and Colleges (SUCs), or Department of Education (DepEd) and Commission on Higher Education (CHED)-accredited schools shall be exempt from Donor's Tax, provided that:

- a. If made within the first five (5) years from the date of importation, the RBE secures a Certificate of Approval issued by the concerned IPA;
- b. If made after five (5) years from the date of importation, the RBE has provided prior notice to the concerned IPA; and
- c. The deed of Donation shall indicate in detail the items donated, their quantity/number, and the amount/value of the donation for post-audit/ verification by the BIR.

The amount/value of donation shall be deductible from the gross income of the donor subject to limitations, conditions and rules set forth in Section 34 (H) of the Tax Code, as amended. The deduction shall be availed of in the taxable year in which the donation was made. Moreover, the donor can substantiate the deduction with sufficient evidence, such as sales invoice/s, deed of donation, delivery receipt and other adequate records indicating the following:

- a. the amount of donation being claimed as deduction; and
- b. proof of acknowledgment of receipt of the donated capital equipment, raw materials, spare parts, or accessories by TESDA, SUCs or DepEd and CHED-accredited schools.

Finally, the donation shall not be treated as transaction deemed sale subject to Value-Added Tax (VAT) under Section 106(B)(1) of the Tax Code, as amended. The amount of donation shall be based on the net book value of the capital equipment, raw materials, spare parts, or accessories donated.