



10 December 2013

**TO : CEAP NATIONAL BOARD, CEAP MEMBER SCHOOLS,
AND SUPERINTENDENTS**

**RE : ADVISORY ON THE BIR'S
REVENUE MEMORANDUM ORDER NO. 20-2013**

Ateneo De Davao University and De La Salle Araneta University, Inc. have jointly filed today a complaint for injunction (the "Complaint") before the Regional Trial Court of Quezon City. The Complaint seeks to nullify Revenue Memorandum Order (RMO) No. 20-2013, as amended by RMO No. 28-2013. The Complaint also seeks to prevent the Commissioner of Internal Revenue (CIR) from implementing these issuances during the pendency of the case.

The Complaint asserts that RMO No. 20-2013 contravenes the spirit and the letter of the 1987 Constitution when it imposes additional conditions upon the tax exemption granted to non-stock, non-profit educational institutions. In sum, the Complaint seeks to permanently enjoin or prohibit the implementation of RMO No. 20-2013 for the following reasons:

- 1) RMO No. 20-2013 is null and void insofar as it additionally requires non-stock, non-profit educational institutions to secure tax exemption rulings or certificates as a condition for their exemption from taxes. Considering that the self-implementing provision of the Constitution accords tax-exempt status to these educational institutions, RMO No. 20-2013 cannot add a pre-requisite for tax exemption not found in, nor intended by, the 1987 Constitution.
- 2) RMO No. 20-2013 is null and void for having been issued beyond the authority of the CIR under the Tax Code which is specifically limited to merely interpret, and not modify, the provisions of the Constitution and Tax Code.
- 3) RMO No. 20-2013 was issued without prior notice and consultation, which violates the unmistakable right to due process of the non-stock, non-profit educational institutions.

We were informed that summons will be served on the CIR tomorrow, 11 December 2013, at 8:00 a.m. Thereafter, the case will be electronically raffled to a branch of the Regional Trial Court of Quezon City at 11:00 a.m.

CEAP will continue to monitor the progress of this case and will issue periodic advisories for any developments. Should you have any concerns and inquiries regarding this advisory, kindly contact the CEAP Advocacy Officer, Mr. Anthony V. Coloma at ton.coloma@ceap.org.ph.