

LETTER OF INSTRUCTION NO. 827, March 07, 1979

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TO: Commissioner of Internal Revenue
Bureau of Internal Revenue Building
Quezon City

WHEREAS, the Armed Forces of the Philippines Mutual Benefit Association, Incorporated (AFP MBAI), has been operating as an integral part of the AFP, providing life and non-life insurance services to the AFP, members of the AFP and the INP;

WHEREAS, the said entity has been placed under the management, operation, and control of the Chief of Staff, AFP through an inter in committee, since June 19, 1973, and continued under Presidential LOI No. 333 dated November 6, 1975;

WHEREAS, the Armed Forces of the Philippine Mutual Benefit Association, Incorporated was assessed by the Bureau of Internal Revenue the amount of P3,724,358.50; as unpaid income tax; P10,433.85 as additional residence tax; and P224,167.07 as unaffixed documentary and science stamp taxes, for the years 1966 to 1970;

WHEREAS, the failure to pay the above taxes were due to the honest belief of the management of the Association prior to the take over by the Chief of Staff, AFP, that the said entity as a mutual benefit association is tax exempt under Section 27 (c) of the National Internal Revenue Code;

WHEREAS, the collection of the said taxes would have adverse effects on AFP MBAI operations considering the very substantial amount involved and thereby prejudice the performance of its vital functions in the promotion of the morale and welfare of AFP personnel and its contribution to the national security;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, pursuant to proclamation No. 1081, dated September 21, 1972, by virtue of the powers vested in me by the Constitution do hereby order you, to;

- Cancel the assessment notices issued to the AFP dated July 16, 1973 and July 25, 1973 above mentioned;
- To consider the said Armed Forces of the Philippines Mutual Benefit Association, Incorporated (AFP MBAI) exempt from all kinds of taxes and to issue the certificate of exemption.

DONE in the city of Manila, Philippines, this 7th day of March, in the year of Our Lord, nineteen hundred and seventy-nine.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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