TAX DEDUCTION GUIDE

MAXIMIZING YOUR GIVING THROUGH PCNC-ACCREDITED DONATIONS

What is PCNC Accreditation?

PCNC (Philippine Council for NGO Certification) accreditation is a pre-requisite for the registration of NGOs and Foundations with the Bureau of Internal Revenue (BIR) as qualified donee institutions. The PCNC is a private, voluntary, non-stock, nonprofit corporation, whose main function is to accredit NGOs and Foundations that meet the established standards for good governance and management, and that demonstrate compliance with existing regulatory requirements. Certified organizations are given official **Donee Institution Status** by the BIR upon recommendation of the PCNC. **Favor Church holds PCNC accreditation**, which means your donation to us qualifies as a **deductible expense** under the National Internal Revenue Code (NIRC).

Benefits of Donating to a PCNC-Accredited Organization

Reduced Taxable Income	Donations to a PCNC-accredited organization like Favor Church are treated as a **deductible expense** under Section 34(H) of the NIRC. This directly reduces your net taxable income, lowering the amount on which your income tax is computed.
Lower Income Tax Due	Because your taxable income is reduced, so is your income tax due. The higher your tax bracket, the greater the tax savings. A donation does not just benefit the community — it also **reduces your actual tax liability** peso for peso on the deductible amount.
Exempt from Donor's Tax	Under Section 101 of the NIRC, donations made to PCNC-accredited non-stock, non-profit organizations are **exempt from donor's tax**.
Full Deductibility for Accredited NGOs	Donations to PCNC-accredited organizations like Favor Church qualify for **deductibility in full** under Section 34(H)(2) of the NIRC, as opposed to non-accredited organizations where deductibility may be more restricted.
Simple Documentation	Claiming the deduction requires only an **Donation Receipt** and a **Certificate of Donation (BIR Form 2322)** from Favor Church — both of which we provide upon request. These are attached to your Annual Income Tax Return filing.

Who Can Claim This Deduction?

Self-Employed Individuals & Professionals	Sole proprietors, freelancers, and professionals (e.g. doctors, lawyers, consultants) who earn income from **trade, business, or profession** and file using the **itemized deduction method** may deduct donations from their gross income.
Corporations & Businesses	Domestic corporations, partnerships, and other juridical entities filing under the **regular corporate income tax (RCIT)** may deduct donations as an allowable business expense, subject to applicable ceilings.

Who Cannot Claim This Deduction?

8% Flat Rate Tax	Self-employed individuals and professionals who opted for the **8% flat income tax rate** in lieu of graduated rates are **not eligible** to claim any itemized deductions — including charitable donations. The 8% rate is applied on gross receipts with no deductions allowed.
40% Optional Standard Deduction (OSD)	Taxpayers who chose the 40% OSD (whether individual or corporate) cannot claim any itemized deductions for that taxable year, including donations to PCNC-accredited organizations. Once elected, the choice is **irrevocable for the entire taxable year**.
Compensation Income Earners	Individuals earning purely from **salaries or wages** cannot claim this deduction. Section 34 of the NIRC limits it to income from **trade, business, or profession** only.

Illustration: See the Tax Savings in Action

Same business. Same revenue. See how PCNC accreditation makes all the difference.

	WITHOUT Donation	WITH 300,000 to Non-Accredited Organization	WITH 300,000 to Favor Church (PCNC-Accredited)
Gross Revenue	**5,000,000**	**5,000,000**	**5,000,000**
Less: Cost of Goods Sold	(2,000,000)	(2,000,000)	(2,000,000)
Gross Income	**3,000,000**	**3,000,000**	**3,000,000**
Less: Operating Expenses	(1,200,000)	(1,200,000)	(1,200,000)
Less: Donation (Tax Deductible?)	—	**Not deductible as a donation**	**(300,000)**
Net Taxable Income	**1,800,000**	**1,800,000**	**1,500,000**
Income Tax Rate (25%)	25%	25%	25%
Income Tax Due	**450,000**	**450,000**	**375,000**

TAX SAVINGS: 75,000

By donating **300,000** to **Favor Church (PCNC-Accredited)**, you reduce your income tax by **75,000** — making your real net cost of giving just **225,000**. A donation to a non-accredited NGO is not deductible as a donation.

How to Claim Your Tax Deduction

1	**Make Your Donation**	Give to Favor Church via cash, check, bank transfer, or online through **give.favor.church/mnl**.
2	**Submit Your Proof of Donation**	Log on to **give.favor.church/mnl** and upload your transaction proof so we can process your receipt promptly.
3	**Receive Your Tax Documents**	Favor Church will issue a **BIR-registered Donation Receipt** and a **Certificate of Donation (BIR Form 2322)** in your business name — both required for claiming the deduction.
4	**Record as Business Expense**	Your accountant records the donation as a deductible expense.
5	**File Your Annual ITR**	Declare the deduction when filing BIR Form 1702 (Annual ITR).

Ways to Give

Online — Visit **give.favor.church/mnl** to give securely online via credit/debit card, GCash, PayMaya, or GrabPay.

Bank Transfer — Account details available at give.favor.church/mnl — use your business name as reference.

Cash — Drop it in any of our giving stations during our church services.

Check — Issue checks payable to **Favor Church PH Inc.** Drop off at our church office during office hours, or drop it in any of our giving stations during our church services.

In-Kind — Donations of goods or property are also accepted and qualify as tax-deductible. Please contact us at **giving@favor.church** to arrange in-kind giving.

Questions? Contact Us

giving@favor.church

We're happy to assist you with:

- Requesting Donation Receipts
- Certificates of Donation
- Bank account details for transfers
- Any other giving-related queries

Key Reminders

Donations must be to a **PCNC-accredited organization** to qualify for full deductibility.

Keep your **Donation Receipt and Certificate of Donation** on file for BIR audit purposes.

Consult your **accountant or tax advisor** to ensure proper documentation and compliance.

Ready to give and save? Visit give.favor.church/mnl to give online or upload your donation proof — or email us at giving@favor.church for assistance.

This material is for general information only and does not constitute legal or tax advice. Please consult a licensed CPA or tax counsel for advice specific to your situation. Tax rules, rates, and regulations governing donation deductibility are subject to change by the BIR at any time.