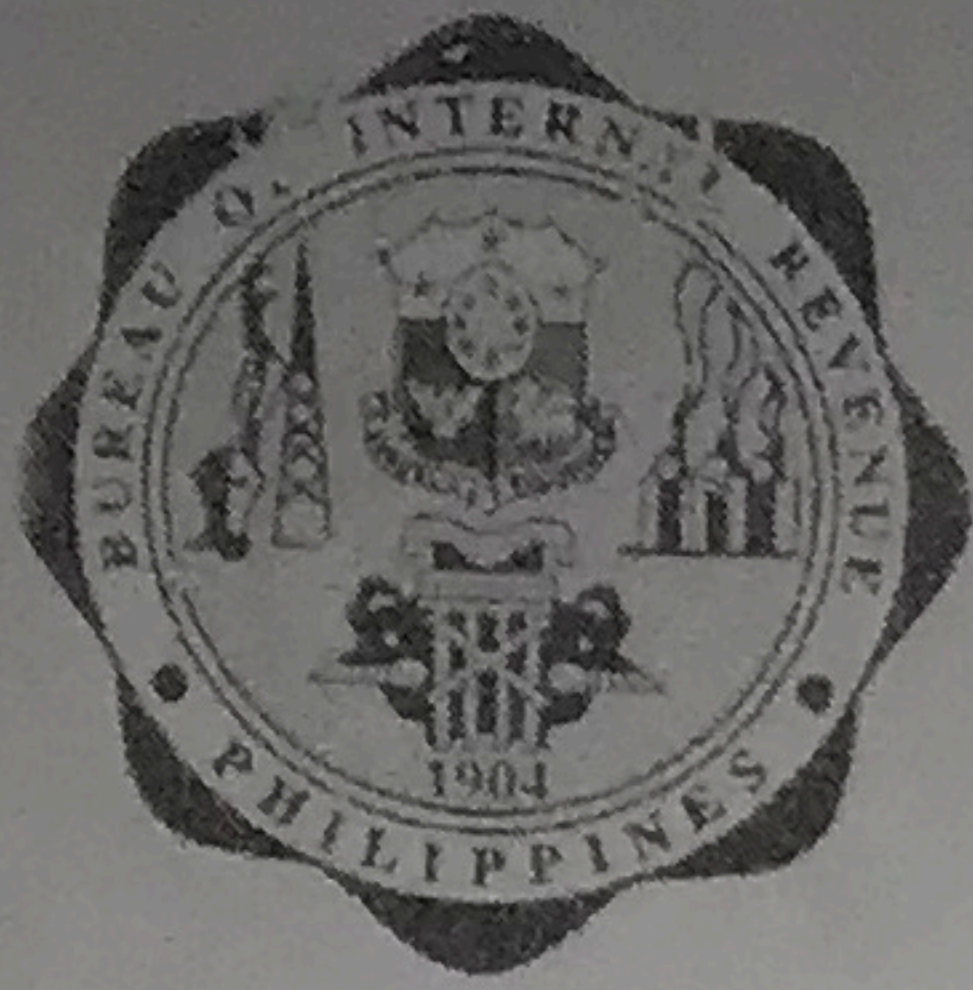




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 109(1)(T), NIRC	RR No. 15- 2015	#289-2016 6-27-2016
-------------------------------	--------------------	------------------------

Person to Contact: Chief, Law Division
Tel Nos. 926-5536/927-09-63

STARLITE FERRIES, INC.
S-301 Goldhill Tower Condominium
No. 5 Annapolis St., Greenhills
San Juan, Metro Manila

Attention: Francis S. Cusi
President

Gentlemen:

This refers to your letter dated October 14, 2015, requesting on behalf of **Starlite Ferries, Inc.**, for a Certificate of Value-Added Tax (VAT) Exemption on its importation of a brand new Ro-Ro (roll-on, roll-off) type passenger vessel, pursuant to Section 109(1)(T) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted show that **Starlite Ferries, Inc.**, with Tax Identification No. [REDACTED], is a domestic corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No. [REDACTED] that it is duly accredited by the Maritime Industry Authority (MARINA) to engage in domestic shipping business per MARINA Certification dated April 4, 2013 valid until April 3, 2016; and that **Starlite Ferries, Inc.** is currently importing one (1) brand new RO-RO type passenger vessel which is particularly described as follows:

Vessel's Name	M/V "Starlite Pioneer"
Main Dimensions	
Length, Overall	Approx. 66.80m
Length, between perpendiculars	61.80m
Breadth (moulded)	15.30m
Depth (Promenade deck moulded/Car deck)	9.40m/4.40m
Draft (designed draft/scantling draft)	3.20m/3.30m)
Gross tonnage (International)	2,600 M.T.

042395

Deadweight on Designed Draft	630M.T.
Carrying Capacity Passenger: Vehicle (Truck Base):	727 persons Truck weight- 25 tons Max. Truck capacity-19 cars
Main Engine Maker	Yanmar Diesel Co. Ltd.
Engine Model	Yanmar 6EY 22AW
Name of Builder	Kegoya Dock Co., Ltd.

that MARINA has approved the importation of the above Ro-Ro vessel in its letter dated September 30, 2015 addressed to **Starlite Ferries, Inc.**; and that per Sworn Statement dated October 15, 2015 executed by Francis S. Cusi, President of **Starlite Ferries, Inc.**, the subject vessel cannot be manufactured domestically in a comparable quality, technology and at a reasonable price, and that it is reasonably needed and will be used exclusively by the company in its transport operations.

In support of its request for exemption, **Starlite Ferries, Inc.** has submitted the following documents:

1. Certified true copies of the SEC Certificate of Registration, Articles of Incorporation and By-Laws;
2. Certified true copy of the MARINA Authority to Import;
3. Certificate of Registration with MARINA;
4. Certified true copy of the Shipbuilding Contract; and
5. BIR Certificate of Registration.

In reply, please be informed that Section 109(1)(T) of the NIRC of 1997, as amended, provides as follows:

"Sec. 109 Exempt Transactions . - Exempt Transactions.-

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax.

(T)¹ Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations."

Based on the above-cited provision, the importation, among others, of a passenger vessel destined for domestic transport operations shall be exempt from VAT. In relation thereto, Section 4.109-1 (B)(1)(t) of the Revenue Regulations (RR) No. 16-2005, as amended by RR No. 15-2015, which implements the above-quoted provision, provides:

"SECTION 4.109-1. VAT-Exempt Transactions. —

xxx xxx xxx

042395

¹ Renumbered by Republic Act No. 10378

(B) Exempt transactions. —

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from VAT:

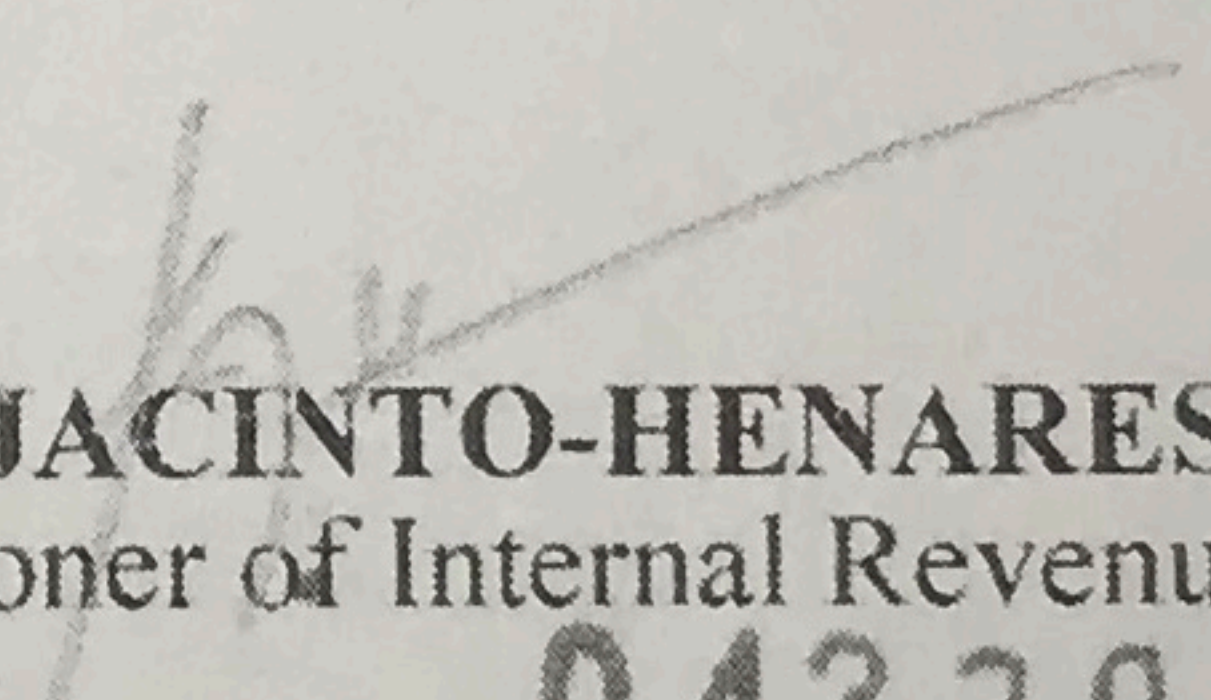
xxx xxx xxx

(t) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations; Provided, however, that the exemption from VAT on the importation and local purchase of passenger and/or cargo vessels shall be subject to the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA.”

It is noted that M/V “Starlite Pioneer” is a brand new vessel and has been issued by MARINA with the required authority to be imported. Hence, the importation of the said vessel by **Starlite Ferries, Inc.** is deemed compliant with the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA. Accordingly, the importation by **Starlite Ferries, Inc.** of M/V “Starlite Pioneer” shall be exempt from VAT pursuant to Section 109(1)(T) of the NIRC of 1997, as amended. The VAT exemption, however, shall be subject to the strict compliance of the conditions contained in the letter of approval issued by MARINA for the importation of the subject vessel.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,


KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

042395
JUN 24 2016