



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sec. 109(1)(T), 1997 NIRC
BIR Ruling No. 092-2016
#425-2016
12-8-2016

Molave Tanker Corporation

3/F VIP Bldg., 1140 Roxas Blvd. cor. Nuestra Sra. de Guia St.
Brgy. 667 Zone 072, Ermita, Manila

Attention : Mr. Thomas A. Tan
President

Gentlemen:

This refers to your letter dated July 29, 2016 requesting for a certificate of tax exemption on the vessel importation of one (1) unit brand new Steel Petroleum Product Tanker named: "MK JUPITER", TBN: "MTC GUIJO" from China pursuant to Sec. 109(1)(T) of the Tax Code of 1997, as amended.

Documents submitted show that the importer, Molave Tanker Corporation (MTC) is a domestic corporation organized and registered with the Securities and Exchange Commission (SEC) under Company Registration No. [REDACTED]. It is registered with the Bureau of Internal Revenue (BIR) under Tax Identification No. [REDACTED]. It is duly registered with the Maritime Industry Authority (MARINA) per Certificate of Accreditation No. [REDACTED] (2016) and valid until January 28, 2019. MTC is authorized to engage in the business of inland water transport. MTC's vessel to be imported is primarily intended to provide transport/hauling services for Petron in its distribution of petroleum products throughout the country and to other prospective clients which purpose is covered by MARINA's authority to acquire subject vessel thru importation dated July 7, 2016 pursuant to the MARINA endorsement dated July 22, 2016, favorably endorsing the vessel importation as compliant with its regulations under Republic Act (RA) No. 9295.

Below is the specification of the subject vessel:

Vessel Name	:	Ex: "MK JUPITER", TBN: "MTC GUIJO"
Flag	:	Singapore
Ship Builder	:	FUJIAN MAWEI SHIP BUILDING LTD.
Keel Laying	:	[REDACTED]
Launching	:	[REDACTED]
Year Built	:	[REDACTED]
IMO No.	:	[REDACTED]
Call Sign	:	[REDACTED]

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Official No. :
Class of Vessel : ABS
Construction of Vessel : Double Hull (Marpol)
Hull No. :

the detailed dimension of the aforesaid vessel, viz:

Length	:	91.20 m
Breadth	:	15.22 m
Depth	:	7.30 m
Gross Tonnage	:	2,987.00 Tons
Net Tonnage	:	1,135.00 Tons
Dead Weight Tonnage	:	3,995.00 Tons
Engine	:	Two (2) DAIHATSU Diesel 4 S.C.S.A.
Estimated Speed	:	12.00 knots

In reply, please be informed that Section 109(1)(T) of the 1997 Tax Code, 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 cargo vessel intended to provide transport/hauling services for Petron in its distribution of petroleum products throughout the Philippines shall be exempt from VAT.

In relation thereto, Section 4.109-1 (B)(1)(t) of 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

(B) Exempt transactions. —

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

xxx xxx xxx

¹ Renumbered by Republic Act No. 10378

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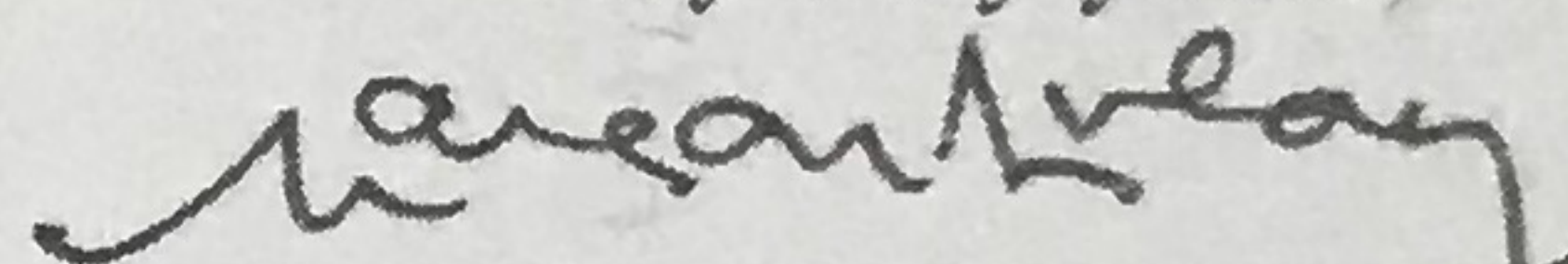
(t) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations; Provided, however, that the exemption from VAT on the importation and local purchase of passenger and/or cargo vessels shall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

It is noted that MK JUPITER, TBN: MTC GUIJO 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 MTC is deemed compliant with the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA.

Accordingly, the importation by MTC of MK JUPITER, TBN: MTC GUIJO shall be exempt from VAT pursuant to Section 109(1)(T) of the Tax Code 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 above-described 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,



CAESAR R. DULAY

Commissioner of Internal Revenue

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