REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Sec. 109 (1)(A) of the Tax Code of 1997;	
BIR Ruling No. 107-19	
VAT- 0673 - 2020	
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HEALTHY TOP HARVEST DISTRIBUTION, INC.
2/F Parian, Comm'l Complex, Commonwealth Ave.,
Matandang Balara 3, Quezon City

Attention : **BRYAN DU BALADAD**
President

Gentlemen:

This refers to your letter dated September 23, 2019, with attachments, requesting on behalf of **HEALTHY TOP HARVEST DISTRIBUTION, INC.** for value-added tax (VAT) exemption on its importation and distribution of frozen fruit and vegetable, pursuant to Section 109 (1)(A) of the National Internal Revenue Code of 1997 (Tax Code), as amended.

Documents submitted show that **HEALTHY TOP HARVEST DISTRIBUTION, INC.**, with Taxpayer's Identification Number (TIN, [redacted], is a corporation organized and existing under the Philippine laws; that it is duly registered with the Securities and Exchange Commission (SEC) under SEC Reg. No. [redacted] and that as shown in its Articles of Incorporation, its primary purpose is *to engage in, conduct and carry on the business of buying, selling distributing, marketing in wholesale insofar as maybe permitted by law, all kinds of agriculture products.*

Records also show that **HEALTHY TOP HARVEST DISTRIBUTION, INC.** is a registered Importer of the below list of fruits with Bureau of Plant Industry with Registration No. [redacted] valid until October 24, 2022.

Product	Type	Origin
Blackberries	Individual Quick Frozen Fruit	Various Countries
Blueberries	Individual Quick Frozen Fruit	Various Countries
Cranberries	Individual Quick Frozen Fruit	Various Countries
Raspberries	Individual Quick Frozen Fruit	Various Countries
Raspberries Crumble	Individual Quick Frozen Fruit	Various Countries
Strawberries	Individual Quick Frozen Fruit	Various Countries
4-Berry Mix	Individual Quick Frozen Fruit	Various Countries
Fruit Mix 1 (Strawberry, Raspberry, Mango, Banana)	Individual Quick Frozen Fruit	Various Countries
Fruit Mix 2 (Blackberry Blueberry, Banana)	Individual Quick Frozen Fruit	Various Countries
Fruit Mix 3 (Strawberry, Blueberry, Banana)	Individual Quick Frozen Fruit	Various Countries
Lychee	Individual Quick Frozen Fruit	Various Countries
Apricot Halves	Individual Quick Frozen Fruit	Various Countries
Jackfruit	Individual Quick Frozen Fruit	Various Countries
Black Currants	Individual Quick Frozen Fruit	Various Countries

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Boysenberries	Individual Quick Frozen Fruit	Various Countries
Dark Cherries (Sweet)	Individual Quick Frozen Fruit	Various Countries
Red Cherries (Sour)	Individual Quick Frozen Fruit	Various Countries
7-Berry Mix	Individual Quick Frozen Fruit	Various Countries
Plum Halves	Individual Quick Frozen Fruit	Various Countries
Red Currants	Individual Quick Frozen Fruit	Various Countries
Rhubarb	Individual Quick Frozen Fruit	Various Countries
Avocado	Individual Quick Frozen Fruit	Various Countries
Banana	Individual Quick Frozen Fruit	Various Countries
Mango	Individual Quick Frozen Fruit	Various Countries
Acai Puree	Individual Quick Frozen Fruit Puree	Various Countries
Avocado Puree	Individual Quick Frozen Fruit Puree	Various Countries
Banana Puree	Individual Quick Frozen Fruit Puree	Various Countries
Mango Puree	Individual Quick Frozen Fruit Puree	Various Countries
Strawberry Puree	Individual Quick Frozen Fruit Puree	Various Countries
Kiwi Puree	Individual Quick Frozen Fruit Puree	Various Countries
Raspberry Puree	Individual Quick Frozen Fruit Puree	Various Countries
Avocado Pulp	Individual Quick Frozen Fruit Pulp	Various Countries
Passionfruit Pulp w/ seeds	Individual Quick Frozen Fruit Pulp	Various Countries
Passionfruit Pulp w/o seeds	Individual Quick Frozen Fruit Pulp	Various Countries
Organic Blackberries	Individual Quick Frozen Organic Fruit	Various Countries
Organic Blueberries	Individual Quick Frozen Organic Fruit	Various Countries
Organic Cranberries	Individual Quick Frozen Organic Fruit	Various Countries
Organic Raspberries	Individual Quick Frozen Organic Fruit	Various Countries
Organic Strawberries	Individual Quick Frozen Organic Fruit	Various Countries
Organic Berry Mix	Individual Quick Frozen Organic Fruit	Various Countries
Mango Chunks	Individual Quick Frozen Organic Fruit	Various Countries
Green Beans	Individual Quick Frozen Vegetable	Various Countries
Baby Carrot	Individual Quick Frozen Vegetable	Various Countries
Carrot Diced	Individual Quick Frozen Vegetable	Various Countries
Corn Supersweet	Individual Quick Frozen Vegetable	Various Countries
Corn	Individual Quick Frozen Vegetable	Various Countries
Kale	Individual Quick Frozen Vegetable	Various Countries
Green Peas	Individual Quick Frozen Vegetable	Various Countries
Pumpkin Butternut	Individual Quick Frozen Vegetable	Various Countries
Spinach	Individual Quick Frozen Vegetable	Various Countries
Spring Harvest	Individual Quick Frozen Vegetable	Various Countries
Cauliflower	Individual Quick Frozen Vegetable	Various Countries
Broccoli	Individual Quick Frozen Vegetable	Various Countries
Edamame	Individual Quick Frozen Vegetable	Various Countries
Chickpea – Garbanzos	Fresh Organic	Various Countries
Green Beans	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Baby Carrot	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Carrot Diced	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Corn Supersweet	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Kale	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Green Peas	Individual Quick Frozen Vegetable (Conventional)	Various Countries

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Pumpkin Butternut	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Spinach	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Spring Harvest	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Cauliflower	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Broccoli	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Edamame	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Corn	Fresh (Conventional)	Various Countries
Chickpea – Garbanzos	Fresh (Conventional)	Various Countries
Black Fungus	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Bolletus Edulls Mushroom	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Champignon Mushroom	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Oyster Mushroom	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Shiitake Mushroom	Individual Quick Frozen Vegetable (Conventional)	Various Countries
Durian	Individual Quick Frozen	Various Countries

In reply, please be informed that Section 109 (1)(A) of the Tax Code, as amended by Republic Act No. 9337, provides for the exemption from VAT on the sale or importation of frozen fruits and vegetables. The aforesaid provision reads, viz.:

> *"SEC. 109. Exempt Transactions. — (1) Subject to the provisions of subsection (2) hereof, the following transactions shall be exempt from the value-added tax:*
>
> *xxx xxx xxx*
>
> *A) Sale or importation of agricultural and marine food products in their original state, livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefor."*
>
> *"Products classified under this paragraph and paragraph (a) shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, smoking or stripping. Polished and/or husked rice, corn grits, raw cane sugar and molasses, and ordinary salt shall be considered in their original state."*

Based on the above-cited provision, the importation and distribution/sale of agricultural products in their original state for human consumption, is considered exempt from 12% VAT pursuant to Section 109 (1)(A) of the Tax Code, as amended. Agricultural products are considered remaining in their original state even if these have undergone the

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simple process of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, or stripping. The type of processing is limited to the aforementioned simple processes. Otherwise, the same may no longer be considered agricultural product in its original state. Moreover, the VAT exemption is limited in application – it refers only to such products which are intended as food for human consumption.

In view of the foregoing, since frozen fruits and vegetables are basically an agricultural product in its original state and intended for human consumption, the importation and distribution/sale thereof by **HEALTHY TOP HARVEST DISTRIBUTION, INC.** is exempt from the twelve percent (12%) VAT pursuant to Section 109(1) (A) of the Tax Code, as amended. It is understood that the importation of such product shall be covered by valid and existing authority to import issued by the Bureau of Plant Industry.

However, products which undergo the processes which are by no means simple acts of preparation or preservation as the same already partake the nature of a full manufacturing process which transforms fruits, etc. into an entirely different form such as into purees or concentrate are not covered by Section 109 (1)(A) of the Tax Code, as amended. Such being the case, your request for exemption from VAT on the sale and/or importation of the below products is hereby denied and the sale and/or importation of the same is subject to twelve percent (12%) VAT imposed under Sections 106 (A) and 107 (A) of the Tax Code, as amended.

Product	Type	Origin
Acai Puree	Individual Quick Frozen Fruit Puree	Various Countries
Avocado Puree	Individual Quick Frozen Fruit Puree	Various Countries
Banana Puree	Individual Quick Frozen Fruit Puree	Various Countries
Mango Puree	Individual Quick Frozen Fruit Puree	Various Countries
Strawberry Puree	Individual Quick Frozen Fruit Puree	Various Countries
Kiwi Puree	Individual Quick Frozen Fruit Puree	Various Countries
Raspberry Puree	Individual Quick Frozen Fruit Puree	Various Countries

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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