REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 109(1)(T) of the 1997 Tax Code, as amended
Revenue Regulations No. 15-2015
BIR Ruling No. 092-2016

#433-2017
9-6-2017

VIA MARINE CORPORATION
C3 Road cor. North Bay Blvd.
Navotas, Metro Manila

Attention: **Vic Rossano C. Ignacio**
President

Gentlemen:

This refers to your letter dated August 27, 2015, requesting on behalf of **Via Marine Corporation**, for a Certificate of Value-Added Tax (VAT) Exemption on its importation of the 2012-built GT Oil Tanker named, M/T "Many One", pursuant to Section 109(1)(T) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted show that **Via Marine Corporation** is a domestic corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No. ; that it is duly accredited by the Maritime Industry Authority (MARINA) to engage in domestic shipping business per MARINA Certificate No. (2015) dated October 14, 2015 valid until November 17, 2018; and that **Via Marine Corporation** is currently importing a 2012 built 2,998 GT Oil Tanker named "Many One" which is particularly described as follows:

Vessel's Name	M/T "MANY ONE"
IMO Number	
Class Notation	HULL MACH, Oil Tanker ESP, Unrestricted Navigation, In Water Survey, VCS
Year of Build	2012
Builder/Yard	Yangzhou Kejin Shipyard Co. Ltd. China
Flag	Panama
Place of Registration	Panama
GT/NT	2,998/ 1,336

that MARINA has approved the importation of the above vessel in its letter dated July 30, 2015; and that per Sworn Statement dated October 21, 2015 executed by Vic Rossano C. Ignacio, President of **Via Marine Corporation**, the subject vessel cannot be manufactured domestically in sufficient quantity and comparable quality and at a reasonable price, and that it is reasonably needed and will be used exclusively by the company in its operations.

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 cargo 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*
>
> *(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/T "Many One"** is a 2012-built vessel and has been issued by MARINA with the required authority to be imported. Hence, the importation of the said vessel by **Via Marine Corporation** is deemed compliant with the requirements on restriction on vessel importation and mandatory vessel retirement program of

[1] Renumbered by Republic Act No. 10378

I-433-2017
9-6-2017

MARINA. Accordingly, the importation by **Via Marine Corporation** of **M/T "Many One"** 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,

CAESAR R. DULAY
Commissioner of Internal Revenue

K-1-JHB

CELIA C. KING
Deputy Commissioner
Resource Management Group
Officer-In-Charge