REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sec. 109 (1)(A) of the Tax Code of 1997;
VAT-0509-2020
SEP 09 2020

BERRY FOODSOURCE, INC.
ISFC Bldg., 88 San Guillermo Ave.
Buting, Pasig City

Attention : **MR. ROY P. SEE**
General Manager

Gentlemen:

This refers to your letter dated January 19, 2017, requesting on behalf of BERRY FOODSOURCE, INC. for certificate of exemption from value-added tax (VAT) on its importation and distribution of dried raisins, pursuant to Section 109 (1)(A) of the 1997 Tax Code, as amended.

Documents submitted show that BERRY FOODSOURCE, INC., with Taxpayer's Identification Number (TIN) [redacted], is a corporation organized and existing under Philippine laws; that it is duly registered with the Securities and Exchange Commission (SEC) under SEC Reg. No. [redacted] dated November 29, 2012; and that as shown in its Articles of Incorporation, its primary purpose is to operate, engage, carry on the business of manufacturing of food products such as edible oil.

It is represented that BERRY FOODSOURCE, INC. was issued a Certificate of Registration on November 10, 2016 by the Bureau of Plant Industry under Registration Number [redacted] valid until November 10, 2019 as an importer of dried raisins, dried pepper and roasted coffee powder.

In reply, please be informed that Section 109 (1)(A) of the Tax Code of 1997, as amended by Republic Act No. 10963, provides for the exemption from VAT on the sale or importation of dried raisins. 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:
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> xxx xxx xxx
>
> A) *Sale or importation of agricultural and marine food products in their original state, livestock and poultry of kind generally*

used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefore.

"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." (Emphasis supplied)

xxx xxx xxx

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 of 1997, as amended. Agricultural products are considered remaining in their original state even if they have undergone the 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 dried raisin is basically an agricultural product in its original state and intended for human consumption, the importation and distribution/sale thereof by BERRY FOODSOURCE, INC. is exempt from the twelve percent (12%) VAT pursuant to Section 109(1) (A) of the 1997 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.

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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