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

Sec. 173 & 184, NIRC; E.O. 93	000-00	367-2018 5-8-2018

Person to Contact: Chief, Law & Legislative Division
Tel Nos. 926-55-36/927-09-63

National Food Authority
Philippine Sugar Center Bldg., North Avenue
Diliman, Quezon City

Attention: **Lt. Col. Jason Laureano Y. Aquino (Ret), PA**
NFA Administrator

Gentlemen:

This refers to your letter dated July 24, 2017 requesting on behalf of the **National Food Authority (NFA)**, for tax exemption on the payment of documentary stamp tax (DST) on non-life insurance policies issued to the Authority by the GSIS.

As represented, the **NFA** (formerly: National Grains Authority) is a Government-Owned and Controlled Corporation (GOCC) classified as a nonprofit or Non-Government Business Entity (GBE) heavily dependent on corporate receipts and government subsidy to pay its operating expenses and debt services.

NFA is mandated to provide food security and stabilization of rice supply and prices to provide accessible, available, and affordable rice at government support price.

The NFA operates at subsidized activity such as government support to food security/stabilization and tax expenditure subsidy on importation, and payment of net lending guaranteed by the National Government.

The Government Service Insurance System (GSIS), through a letter dated June 27, 2017, informed the NFA that Revenue Memorandum Circular (RMC) No. 59-2008 dated August 23, 2008, amending RMC 30-2008, clarifying the taxability of both the life and the non-life insurance industries, requires the GSIS to collect by proper billing and remit DST for every insurance policy which it shall issue starting July 1, 2017. The DST shall be computed by multiplying a flat rate of 12.5% with the net premium appearing in the subject policy. For compulsory Third Party Liability, a fixed amount of PhP15.00 shall be due for every Certificate of Cover issued. For the Group Personal Accident Insurance, Group Travel Accident Insurance, and Personal Accident Insurance (Optional Non-Life Insurance) coverage, the rate shall be subject to the following schedule pursuant to BIR Memorandum Order No. 79-2010 dated

October 14, 2010:

Amount of Insurance	Tax Rate
does not exceed PhP100,000.00	Exempt
exceeds PhP100,000.00 but does not exceed PhP300,000.00	PhP
exceeds PhP300,000.00 but does not exceed PhP500,000.00	
exceeds PhP500,000.00 but does not exceed PhP750,000.00	
exceeds PhP750,000.00 but does not exceed PhP1,000,000.00	
exceeds PhP1,000,000.00	

In reply, please be informed that Section 173 of the Tax Code, as amended, provides that there shall be levied, collected and paid upon documents, instruments and papers evidencing the act done or transaction had or the agreement or contract has been perfected, DST on all policies of insurance upon property. Also, Section 184 of the same Code holds that DST shall be based on the amount of premium charged. DST shall be due upon the issuance of the insurance policy and the premium charged on the estimated insurance coverage, as it is reflected on the face of the policy, and which shall be the amount on which the DST due shall be based.

Since Executive Order No. 93 withdrew the tax privileges of the National Grains Authority (now the NFA) stated under Presidential Decree (P.D.) No. 4, as amended by P.D. Nos. 699 and 1485, the certificates of insurance policy that will be issued by GSIS to the NFA are subject to the documentary stamp tax (DST) based on the amount of premium charged pursuant to Section 173 in relation to Section 184 of the Tax Code, as amended.

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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