REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sec. 109 (1)(B) of the Tax Code of 1997;
BIR Ruling No. 27-2018
VAT-[illegible]491-2020
SEP 08 2020

BON AFFAIRE TRADING, INC.
Rm. 310 MN Square Bldg., 678 Shaw Blvd.,
Kapitolyo Pasig 1603

Attention : **Ms. Mary Ann Salcedo**
President

Gentlemen:

This refers to your letter dated July 19, 2019, requesting on behalf of BON AFFAIRE TRADING, INC. certificate of exemption from value-added tax (VAT) on its sale or importation of fertilizers pursuant to Section 109 (1)(B) of the 1997 Tax Code, as amended.

Documents submitted show that BON AFFAIRE TRADING, INC., with Taxpayer's Identification Number (TIN) , 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. ; and that as shown in its Articles of Incorporation, its primary purpose is to engage in, conduct, and carry on the business of import/export, buying, selling, distributing, marketing at wholesale-and-retail-in so far as may be permitted by law, all kinds of goods, wares and merchandise of every kind and description.

It is represented that BON AFFAIRE TRADING, INC., was issued a Certificate of Product Registration by the Fertilizer and Pesticide Authority (FPA) and was issued a License as National Distributor of Fertilizer, to wit:

Reg. No.	**Date of Issue**	**Product**	**For use in**
	October 29, 2018	Nano Amino Tablet Inorganic Fertilizer	Pechay

In reply, please be informed that Section 109 (1)(B) of the Tax Code of 1997, as amended by Republic Act No. 9337, provides for the exemption from VAT on the sale or importation of fertilizers for use in 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:

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xxx xxx xxx

B) Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn, livestock and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds (except specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets)

xxx xxx xxx"

Based on the above-cited provision, the importation and distribution/sale of fertilizers for use in vegetables (Pechay), is considered exempt from VAT pursuant to Section 109 (1)(B) of the Tax Code of 1997, as amended.

In view of the foregoing, since the FPA has issued a Certificate of Product Registration for Nano Amino Tablet Inorganic Fertilizer, the importation and distribution/sale thereof by BON AFFAIRE TRADING, INC. is exempt from the twelve percent (12%) VAT pursuant to Section 109 (1)(B) of the Tax Code of 1997, as amended. *(BIR Ruling No. 27-2018 dated January 18, 2018)*

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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