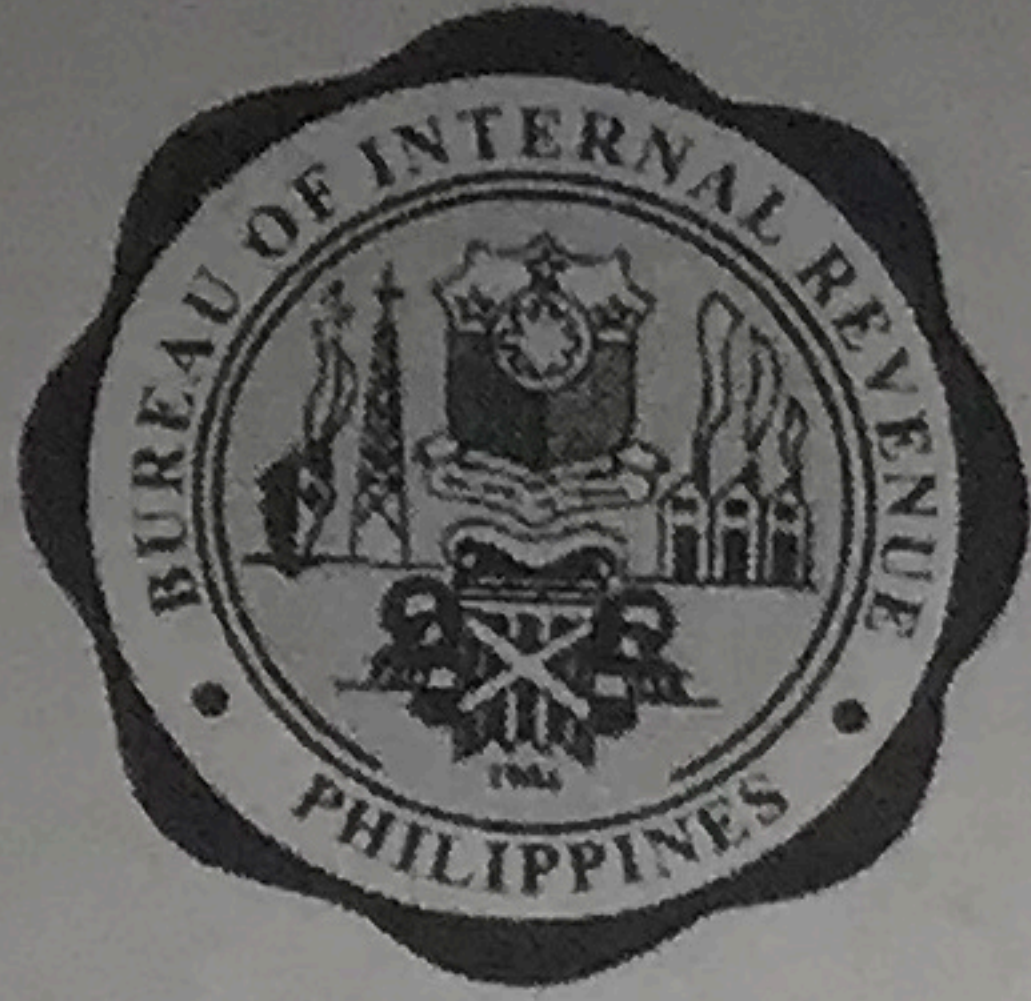




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 109 (1)(T) of the NIRC
Revenue Regulations No. 15-2015
BIR Ruling No. 095-16
#285-2016
6-27-2016

STARLITE FERRIES, INC.
Old Admin PPA Building, Sta. Clara Pier,
Batangas City 4200

Attention : **Mr. Francis S. Cusi**
President

Gentlemen:

This refers to your letter dated May 5, 2016, requesting on behalf of **Starlite Ferries, Inc.**, for a Certificate of Value-Added Tax (VAT) Exemption on its importation of a brand new RORO (roll-on, roll-off) Type Passenger Ferry Ship Number [REDACTED] named, "Starlite Saturn", pursuant to Section 109(1)(T) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted show that **Starlite Ferries, Inc.**, with Taxpayer's Identification No. [REDACTED] is a domestic corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No. [REDACTED] that it is duly accredited by the Maritime Industry Authority (MARINA) to engage in domestic shipping business per MARINA Memorandum Circular No. 2006-003, series of 2006 dated March 11, 2016 valid until April 3, 2019; and that **Starlite Ferries, Inc.** is currently importing a RORO (roll-on, roll-off) Type Passenger Ferry Ship (Builder's Ship No. [REDACTED] named "Starlite Saturn" from builder, Kegoya Dock Co., Ltd. of Japan, which is particularly described as follows:

- | | | |
|---|---------|--|
| (1) Dimensions | | |
| Length (overall) | approx. | 66.80m |
| Length (between perpendiculars) | | 61.80m |
| Breadth (moulded) | | 15.30m |
| Depth (Promenade deck moulded/Car deck) | | 9.40m/4.40m |
| Draft (designed draft/scantling draft) | | 3.20m/3.30m |
| (2) Gross Tonnage (International) | abt. | 2,600 M.T. |
| (3) Deadweight on designed draft | abt. | 630 M.T. |
| (4) Carrying Capacity | | |
| Passenger: | | 727 persons |
| Vehicle (Truck base): | | Truck dimension: 8.990m(L) x 2.490m(B) x 3.485m(H) |
| | | Truck weight : 25 tons |
| | | Max truck capacity: 19 Cars |
| (5) Main Engine | | |
| Maker | | YANMAR DIESEL CO., LTD. |

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Model	YANMAR 6EY 22AW
M.C.O.	1,370 kW (1860ps)
N.C.O.	1,164 kW (1581ps - 85% of M.C.O.)
Number of Engine	2 Sets

(6) Trial Maxim Speed 14.5 Knots

that MARINA has approved the importation of the above vessel in its letter addressed to **Starlite Ferries, Inc.** dated April 28, 2016; that per Sworn Statement dated May 6, 2016 executed by Francis S. Cusi, President of **Starlite Ferries, Inc.**, the subject vessel cannot be manufactured domestically in comparable quality, technology and at a reasonable price, and that it is reasonably needed and will be used exclusively and will be used by the company operation.

In support of its request for exemption, **Starlite Ferries, Inc.** has submitted the following documents:

1. Certified true copies of the SEC Certificate of Registration, Articles of Incorporation and By-Laws;
2. Certified true copy of Certificate of Registration with the BIR;
3. Certified true copy of MARINA Authority to Import dated April 28, 2016;
4. Certificate of Registration/Accreditation with MARINA;
5. Shipbuilding Contract for Construction and Sale of One (1) Ro-Ro Type Passenger ferry Ship No. [REDACTED]; and
6. Sworn Statement dated May 6, 2016.

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 Renumbered by Republic Act No. 10378

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(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from VAT:

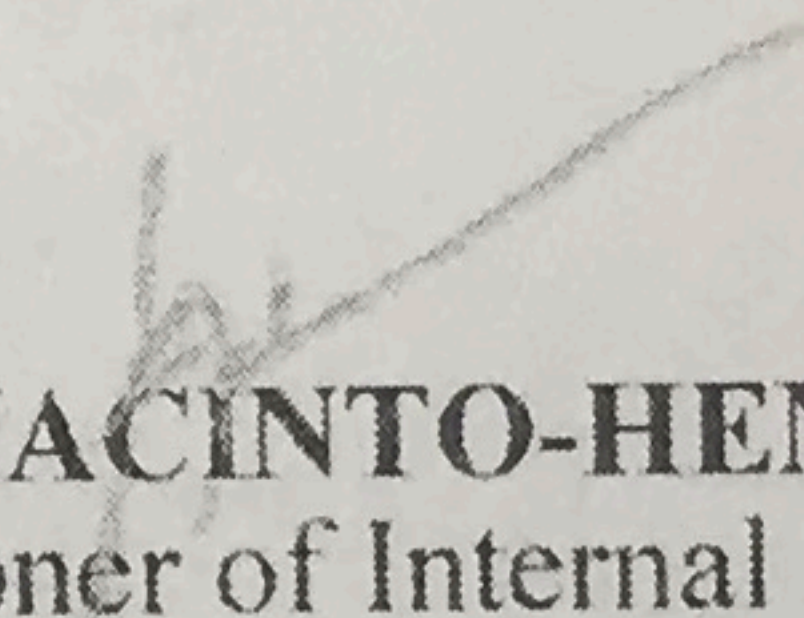
xxx xxx xxx

(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."

In view of the foregoing, the importation by **Starlite Ferries, Inc.** of the aforescribed passenger vessel "Starlite Saturn" having been granted by MARINA with the necessary clearances to be imported and is, thus, deemed compliant with the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA, 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 passenger vessel. (BIR Ruling No. 095-16 dated March 16, 2016)

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,


KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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JUN 24 2016

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