REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA No. 9513, RA No. 9367
RR No. 16-05
BIR Ruling No. 078-10
VAT-005-2020

JAN 2 4 2020

LEYTE AGRI CORP.
AA Compound Brgy. Ipil
Ormoc City, Leyte

Attention: **Ruben A. Villanueva**
VP/COO

Gentlemen:

This refers to your letter dated July 25, 2013, which was duly endorsed to this Office by the Department of Energy (DOE) on August 14, 2013, relative to your request for clarification on whether or not the sale by **Leyte Agri Corp.** of Bioethanol to Oil Industry Participants is subject to zero percent (0%) value-added tax (VAT).

Documents submitted show that **Leyte Agri Corp.**, with Tax Identification No. (TIN) [redacted], is a domestic corporation duly organized under the Philippine laws, with office address at AA Compound, Brgy. Ipil, Ormoc City, Leyte; that it is registered with the Securities and Exchange Commission (SEC) bearing SEC Certificate of Registration No. [redacted] and that it is also accredited by the Department of Energy (DOE) as a manufacturer of bioethanol with Certificate of Accreditation No. DOE-JAO-2014-BE002 effective November 19, 2014.

Based on the above representations, you now inquire on whether or not its sale of Bioethanol to Oil Industry Participants is subject to zero percent (0%) VAT.

In reply, please be informed that pursuant to Section 15 of Republic Act (RA) No. 9513 ("Renewable Energy Act of 2008"), as implemented by Section 4.108-5(7) of RR No. 16-05, as amended, the sale of power or fuel is entitled to zero percent (0%) VAT provided that the power or fuel is generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal and steam, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels. The aforesaid Section states:

"SEC. 4.108-5. Zero-Rated Sale of Services. —

(b) Transactions Subject to Zero Percent (0%) VAT Rate.

— The following services performed in the Philippines by a VAT-registered person shall be subject to zero percent (0%) VAT rate:

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(7) Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal and steam, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels; Provided, however, that zero-rating shall apply strictly to the sale of power or fuel generated through renewable sources of energy, and shall not extend to the sale of services related to the maintenance or operation of plants generating said power.

xxx xxx xxx"

In relation thereto, RA No. 9367 (Biofuels Act of 2006) defines Bioethanol Fuel as referring to ethanol (C2H30H) produced from feedback and other biomass (Section 3[c], RA No. 9367). Accordingly, since Bioethanol Fuel is generated from biomass which is a renewable source of energy, the sale thereof by **Leyte Agri Corp.** to Oil Industry Participants shall be subject to zero percent (0%) VAT in accordance with RA No. 9513, as implemented by RR No. 16-05. (*BIR Ruling No. 078-10* dated September 23, 2010)

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
032361

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