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

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|---|
| Section 109 (1) (T) of the Tax Code of 1997, as amended |
| BIR Ruling No. VAT-137-21 |
| VAT-[illegible] |
| JUN 0 2 2022 |

**MAMSAR CONSTRUCTION AND INDUSTRIAL CORPORATION**
Macapagal Avenue, Tubod
Iligan City, 9200

Attention: **Almita D. Barug**
Vice President – Projects

Gentlemen:

This refers to your request for an exemption from value-added tax (VAT) on the importation of one (1) unit Dumb Barge, "M/V Ever Bright" from the registered owner, Pioneer Mariner SDN BHD of Malaysia.

Documents submitted disclose that MAMSAR Construction and Industrial Corporation ("MAMSAR"), with Taxpayer Identification Number (TIN) is a domestic corporation organized under the laws of the Republic of the Philippines; that it is registered with the Securities and Exchange Commission (SEC) under Company Registration No. that its primary purpose is "[t]o engage in general construction and other allied businesses including the construction, enlarging, repairing, removing, developing, or otherwise engaging in any work upon buildings, roads, highways, manufacturing plants, bridges, airfields, piers, docks, mines, shafts, waterworks, railroads, railway structures, all iron steel, wood, masonry and earth construction, and to make, execute, bid for and take or receive any contracts or assignment of contracts therefor, or in relation thereto, or connected therewith and to manufacture and furnish building materials and supplies connected therewith: and doing of any and all other business and contracting incidental thereto or connected therewith, and the doing and performing of any and all acts and things necessary, proper or convenient for and incidental to the furtherance and /or implementation of the purpose therein mentioned."; that it is duly accredited by the Maritime Industry Authority (MARINA) and is authorized to engage in domestic shipping business per MARINA Certification No dated January 28, 2022 which is valid until January 27, 2025; and that it is currently importing one (1) unit vessel named "M/V Ever Bright" from Pioneer Mariner SDN BHD of Malaysia, particularly described as follows:

| | |
|---|---|
| Vessel Name | "M/V Ever Bright" |
| Material/Type | Dumb Barge |
| Flag | Malaysia |
| Port of Registry | Kota Kinabalu |
| Call Sign | Nil |
| Official No. | |
| Length Registered | 52.67 Meters |
| Breadth Registered | 15.25 Meters |

Y/

| | |
|---|---|
| Depth Registered | 3.66 Meters |
| Freeboard | 749 MM |
| Class | KM |
| Year Built | 1990 |
| Ply Limit | Sabah, Sarawak, and Labuan |
| GRT | 767 |
| NRT | 231 |

In reply, please be informed that Section 109 (1) (T) of the National Internal Revenue Code (Tax Code) of 1997, as amended, provides as follows:

> *"SEC. 109. Exempt Transactions. —*
>
> *(1) Subject to the provisions of subsection (2) hereof, the following transactions shall be exempt from the value-added tax.*
>
> *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;"*

In relation thereto, Section 4.109-1 (B) (1) (t) of Revenue Regulations (RR) No. 16-2005, as amended, states that:

> *"SECTION 4.109-1. VAT-Exempt Transactions. —*
>
> *xxx xxx xxx*
>
> *(B) Exempt Transactions. —*
>
> *(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 Maritime Industry Authority (MARINA);"*

Based on the above-cited provisions, the importation of passenger or cargo vessel destined for domestic transport operations shall be exempt from VAT. Hence, the importation by MAMSAR of one (1) unit vessel named "M/V Ever Bright" shall be exempt from VAT pursuant to Section 109 (1) (T) of the Tax Code of 1997, as amended. However, the VAT

VAT-280-2022
JUN 02 2022

exemption shall be subject to the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA.[1]

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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[1] Subject to presentation of the Authority to Import issued by the MARINA