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

RA No. 10349;
BIR Ruling No. 060-17
0476-2019
AUG 30 2019

TRITON COMMUNICATIONS CORPORATION
Unit 2706 Antel Global Corporate Center,
Julia Vargas Ave., Ortigas Center,
Pasig City

Attention : **Mr. Darwin M. Rivera**
President

Gentlemen:

This refers to your letter dated July 6, 2017 requesting, on behalf of Triton Communications Corporation, for tax exemption on the importation of equipment intended for the Armed Forces of the Philippines.

Documents submitted show that Triton Communications Corporation (TIN: is a domestic corporation duly registered with the Securities and Exchange Commission (SEC) with SEC Certificate of Registration No. On December 14, 2015, Triton Communications Corporation was issued a Notice of Award by the Secretary of the Department of National Defense (DND); and to give effect to said Notice of Award, a Contract Agreement dated March 1, 2016 was executed by and between the DND and Triton Communications Corporation whereby the latter agreed to supply and deliver Marine Forces Imagery and Targeting Support Systems (MITSS) for the Philippine Marine Corps (PMC) with an Approved Budget for the Contract (ABC) amounting to

Pesos (Php), Philippine Currency.

Based on the foregoing, you now request for confirmation of your understanding that while the importation of the equipment is subject to VAT, the subsequent sale of the aforementioned equipment by Triton Communications Corporation to the PMC as part of the Armed Forces of the Philippines Modernization Program which will be used directly and exclusively for the programs, undertakings, and any other activities for the upgrading of the capability of the PMC, shall be exempt from value-added tax (VAT) pursuant to Section 10 of Republic Act (RA) No. 10349.

In reply, please be informed that Section 10 of RA 10349, amending RA No. 7898, provides:

> "SEC. 10. *Insert three (3) sections after Section 16 of the same Act which shall now become the new Sections 17, 18 and 19 respectively, which shall read as:*
>
> > 'SEC. 17. *Exemption from Value-Added Tax and Customs Duties. — The sale of weapons, equipment and ammunitions to the AFP, which are directly and exclusively used for its projects, undertakings, activities and programs under the Revised AFP Modernization Act, shall be exempt from the value-added tax; Provided, That the importation of*

0476-2018
AUG 30 2018

the same by the AFP shall likewise be exempt from the value-added tax and customs duties.

xxx *xxx* *xxx"*

Under Section 10 of RA 10349, the sale of weapons, equipment and ammunitions to the Armed Forces of the Philippines (AFP), which are directly and exclusively used for its projects, undertakings, activities and programs under the Revised AFP Modernization Act, shall be exempt from VAT. Moreover, the importation of the same by the AFP is also exempt from VAT. In relation thereto, the Department of National Defense (DND) issued the Department Circular No. 3 *(Issuing the Implementing Guidelines, Rules and Regulations of the Revised Armed Forces of the Philippines Modernization Act)* dated April 11, 2013 which, among others, defined the term "equipment" as referring to *"all non-expendable items needed to outfit or equip any individual and/or organizations and sub-organizations within the AFP." (BIR Ruling No. 060-17 dated February 17, 2017)*

It is noted that there are two (2) transactions involved in this case. First is the importation by Triton Communications Corporation of the subject equipment, and second is the subsequent sale thereof by Triton Communications Corporation to the AFP. While the sale of equipment to the AFP, which shall be directly and exclusively used for its projects, undertakings, activities and programs under the Revised AFP Modernization Act, is exempt from VAT, the importation of the same may only be exempt from VAT if the importation is done by the AFP. In the instant case, the importation shall be carried out by Triton Communications Corporation.

Applying the foregoing, this Office rules that the importation by Triton Communications Corporation of the subject equipment is subject to VAT. However, the subsequent sale by Triton Communications Corporation to the AFP of the Marine Forces Imagery and Targeting Support Systems (MITSS), which will be used directly and exclusively by the AFP for its projects, undertakings, activities and programs under the Revised AFP Modernization Act, shall be exempt from VAT. *(BIR Ruling No. 060-17 dated February 17, 2017)*

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

028031

K-1-JAC