

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

August 25, 2011

**REVENUE MEMORANDUM CIRCULAR NO. 37-2011**

**SUBJECT** : Revocation of BIR Ruling No. DA-583-04 and Definition of the term "Special Purpose Vehicle"

**TO** : All Internal Revenue Officials, Employees and Others Concerned

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This Circular is being issued to inform all internal Revenue Officials, Employees and other concerned individuals of the revocation of BIR Ruling No. DA-583-04 (dated 15 November 2004) which provides that the special vehicle converted from a 2004 Cadillac De Ville base car model for exclusive use in the mortuary and funeral business of Rosehills Memorial Management Philippines, Inc. (Rosehills), for grieving relatives and/or friends to ride in, is among those considered as a special purpose vehicle (SPV) under Section 2 (g) of Revenue Regulations No. 25-2003, and is thus exempt from excise tax. Such Ruling, however, is erroneous, thereby the aforesaid vehicle should be subject to excise tax Section 2 (g) of Revenue Regulations No. 25-2003 provides:

*SEC. 2 DEFINITION OF TERMS. – For purposes of these Regulations, the following words and phrases shall have the meaning indicated below:*

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*(g) SPECIAL PURPOSE VEHICLE – shall refer to a motor vehicle, other than truck, cargo van, jeep/jeepney/jeepney substitute, bus, single cab chassis as defined herein, designed for specific applications such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for recreational activities. For this purpose, “designed for specific applications” shall mean the motor vehicle is designed in such a manner that it can only be used strictly for the intended purpose for which it was manufactured.*

It is clear that an indispensable criterion for the classification of a vehicle as an SPV is that the vehicle, in its original state, must have been designed and manufactured for a specific purpose, and cannot therefore be utilized for any other function.

In this regard, in order for a vehicle to be classified as a Special Purpose Vehicle, and therefore exempt from excise tax, the same must, in its original state, be ready for exclusive use for the specific purpose for which it is being categorized as a Special Purpose Vehicle, without necessity of any conversion, modification, renovation, adjustment or alteration to render it available for such use.

All concerned are enjoined to be guided accordingly and give this Circular as wide publicity as possible.

(Original Signed)  
**KIM S. JACINTO-HENARES**  
Commissioner of Internal Revenue