

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

Quezon City

September 12, 2007

**REVENUE MEMORANDUM CIRCULAR NO. 59-2007**

**SUBJECT : Clarifying the Effect of Suspension of Revenue Regulations No. 6-2007 Otherwise Known as the “Consolidated Regulations on Advance Value Added Tax on the Sale of Refined Sugar, Amending and/or Revoking All Revenue Issuances Issued to this Effect and for Other Related Purposes”.**

**TO : All Internal Revenue Officers and Others Concerned.**

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Sometime this year, Revenue Regulations No. 6-2007 was promulgated specifically for the purpose of updating and aligning the policies and procedures on the advance payment of VAT on the sale of refined sugar with certain pertinent laws, proclamations and orders such as RA 9337; EO 18; Sugar Order No. 1, issued every crop year to allocate the volume of and classifying cane sugar produced each production year; Sugar Order No. 4, as amended by Sugar Order No.4-A, Series of 2006-2007.

This revenue issuance was intended to replace all existing revenue issuances on the matter by providing therein a comprehensive and substantive set of updated policies and procedures for the advance payment of value added tax on the sale of refined sugar, including those made by a duly accredited and registered agricultural cooperative of good standing. In the said revenue issuance, policies and procedures were also laid down as to the classification of sugar and sugar products. A monitoring system has likewise been provided for the processing of raw sugar into refined sugar intended for the World Market (“D” sugar) or classified as “E” sugar or “A” sugar and the withdrawal thereof from the sugar refineries/mills. Furthermore, provision has likewise been made therein for the tax treatment of raw sugar processed into refined sugar intended for the World Market (“D” sugar) or classified as “E” sugar or “A” sugar.

However, in view of the abovementioned substantive changes introduced by Revenue Regulations No. 6-2007 on the existing policies and procedures, it was

subsequently recognized that more time is needed in order to effectively implement the intended purposes of said Regulations.

Thus, Revenue Regulations No. 6-2007 was consequently suspended by Revenue Regulations No. 11-2007. As stated in the Regulations, the purpose of the suspension is to give both the Bureau of Internal Revenue and the representatives of the sugar industry ample time to thresh out unclear provisions embodied therein and to introduce a more improved version of the Regulations that will properly address the problems of the sugar industry and collect the correct taxes due from them.

As such, the suspension of Revenue Regulations No. 6-2007 by Revenue Regulations No. 11-2007 effectively reverts the observance of policies and procedures on the advance payment of VAT on the sale of refined sugar to those enunciated by Revenue Regulations No. 29-2002 as amended by Revenue Regulations No. 2-2004, Revenue Regulations No. 4-2004, Revenue Regulations No. 16-2005, and Revenue Regulations No. 4-2007. Thus, the provisions of the aforementioned Regulations shall apply until such time that a much improved version of Revenue Regulations No. 6-2007 is issued. **Correspondingly, the rate of advance VAT to be paid shall be at the rate of twelve percent (12%) pursuant to Republic Act No. 9337, as amended, and as implemented by Revenue Regulations No. 16-2005, as amended by Revenue Regulations No. 2-2007 and Revenue Regulations No. 4-2007.**

All internal revenue officers and others concerned are hereby enjoined to give this Circular as wide a publicity as possible.

(Original Signed)  
**LILIAN B. HEFTI**  
OIC - Commissioner of Internal Revenue