

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

December 9, 2002

REVENUE REGULATIONS NO. 29-2002

SUBJECT : Enhancing the Rules on the Advance Payment of Value Added Tax on Sale of Refined Sugar, thereby Amending Revenue Regulations No. 7-89, and for Other Purposes.

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. Scope. – Pursuant to the provisions of Sections 6 and 244, in relation to Sections 106, 109, 110, and 111(B)(1) all of the National Internal Revenue Code of 1997 (Code), these regulations are hereby promulgated to prescribe the updated policies and procedures for the advance payment of value added tax (VAT) on the sale of refined sugar.

SEC. 2. Definition of terms. – For purposes of these regulations,

(a) The term “refined sugar” includes cane sugar commonly known as “*washed sugar*”, “*direct consumption sugar*”, “*plantation white sugar*”, “*blanco directo sugar*”, “*standard sugar*”, “*improved raw sugar*”, “*premium improved raw sugar*” and “*premium sugar*”. It does not include the crystallized or solidified juice of sugarcane, distinctly brown in color resulting from the simple and primary milling process such as treating the juice with certain substances to remove impurities, boiling and spinning the syrup to force out the molasses.

(b) The term “sugar refinery” includes refiner and/or miller of refined sugar as defined in the preceding paragraph required to register with the BIR pursuant to Section 236 of the Code.

SEC. 3. Requirement to pay in advance VAT on sale of refined sugar. – The value added tax on the sale of refined sugar shall be paid in advance by the owner/seller to the Bureau of Internal Revenue (BIR), through the Authorized Agent Banks (AABs); or to the Revenue Collection Officers (RCOs) or deputized City or Municipal Treasurers, in places where there are no AABs.

SEC. 4. Prohibition of withdrawal. – The proprietor or operator of a sugar mill/refinery shall not allow any withdrawal of refined sugar from its premises without the advance payment of the VAT made by the owners/sellers and submission of proof thereof as described in Section 5 of these Regulations, unless the said owner or seller

presents proof to the sugar mill/refinery that it is exempt from the VAT, as in the case of agricultural cooperatives which are exempt from the VAT on their sale of agricultural products pursuant to Republic Act No. 6938 (Cooperative Code of the Philippines) and Section 109 (r) of the Code, as implemented through Revenue Regulations No. 20-2001.

An internal revenue officer, to be assigned by the Revenue Regional Director upon the recommendation of the Revenue District Officer (RDO) of the district having jurisdiction over the physical location of the sugar mill/refinery, shall at all times be present during the withdrawal of refined sugar from the premises of the sugar mill/refinery in order to ensure that the requirements of this Section are all complied with.

SEC. 5. Proof of advance payment. – The Revenue District Office (RDO) concerned or the duly constituted unit in its place such as the Regional Task Force on Sugar, as the Regional Director may decide, shall issue a *Certificate of Advance Payment of the VAT* (Annex A) as required in Section 3 of these Regulations. This certificate shall serve as the authority of the sugar mill/refinery to release the refined sugar described therein, and together with the payment form (BIR Form No. 0605 or its equivalent) and the BIR-prescribed deposit slip duly validated by the AAB, or the Revenue Official Receipt (ROR) issued by the Revenue Collection Officer (RCO) or the duly authorized City or Municipal Treasurer, as the case may be, shall serve as proof of the payment for the advance VAT which can be credited against output tax in the filed VAT Return as provided in Section 8 of these Regulations.

SEC. 6. Proof of exemption from the advance payment. - If a duly-registered agricultural cooperative claims ownership of refined sugar stocked in the sugar mill/refinery, the latter shall not release the said refined sugar unless an *Authorization Allowing the Release of Refined Sugar* (Annex B) is first secured from the Revenue District Office or any duly constituted unit in its place such as the Regional Task Force on Sugar created by the Regional Director as the latter may decide, of the BIR office having jurisdiction over the physical location of the sugar mill/refinery. In securing such authorization, the cooperative shall, in addition to that of satisfying the VAT-exemption requirements under RR No. 20-2001, submit to the RDO or Regional Task Force concerned a *Sworn Statement* (Annex C) to the effect that-

- a.) The sugar has not been bidden, sold or otherwise transferred in ownership, at anytime prior to the removal from the refinery, to a trader or another entity; and
- b.) The refined sugar is the property of the cooperative at the time of removal and it will not charge advance VAT or any other tax to the future buyer.

If the cooperative invokes ownership over the sugar cane and the milled/refined sugar, the sugar quedans must be in the name of the cooperative.

SEC. 7. Basis for determining the amount of advance VAT payment.-

(a.) Base price. – The amount of advance payment shall be determined by applying the VAT rate of 10% on the applicable base price per 50 kilogram (kg.) bag of refined sugar. For purposes of these Regulations, the base price is hereby prescribed as follows:

	Owned by Sugar Refinery <u>(P per 50 kg. Bag)</u>	Owned by Others <u>(P per 50 kg. Bag)</u>
Refined sugar/Standard sugar/		
Premium sugar	850	760
Plantation white	800	740
<i>Blanco directo</i>	800	740
Washed sugar/Direct consumption sugar/Improved raw sugar/		
Improved premium raw sugar	780	730

(b) Subsequent base price adjustments. – The base price upon which the advance payment of VAT will be computed under the preceding paragraph of this Section shall be adjusted when deemed necessary by the Commissioner of Internal Revenue, upon consultation with the Chairman of the Sugar Regulatory Administration.

SEC. 8. Credit for advance payments. – In addition to the input tax credits allowed under Section 110 of the Code, the amount of advance payments made by sellers of refined sugar under these Regulations shall be allowed as credit against their output tax on the actual gross selling price of refined sugar. The advance payment certificate issued under Section 5 hereof shall be attached to the quarterly VAT returns to support the claim for credit of advance VAT payment.

SEC. 9. Presumptive input tax. – Persons or firms engaged in the production and manufacturing of refined sugar for their own account shall be allowed a presumptive input tax, which is creditable against the output tax, equivalent to one and one-half percent of the gross value in money of their purchases of primary agricultural products which are used as inputs to their production. Primary agricultural products shall be limited to sugar cane and other agricultural products which are main raw materials for the production of sugar.

SEC. 10. Place and time of remittance of advance payment of VAT. – The advance payment shall be made to any Authorized Agent Bank (AAB) or Revenue Collection Officer or deputized City or Municipal Treasurer of the Revenue District Office having jurisdiction of the physical location of the sugar mill/refinery before the withdrawal of refined sugar from the refinery. However, if the owner of the refined sugar to be withdrawn is under the jurisdiction of the Large Taxpayers Service (LTS) or Large

Taxpayers District Office (LTDO), the payment shall only be made to an Authorized Agent Bank (AAB) to ensure proper crediting of the payment.

SEC. 11. Information returns to be filed by the proprietor or operator of a sugar refinery and cooperatives. – Every proprietor or operator of a sugar refinery shall render an *Information Return* (Annex D) to the Revenue District Office having jurisdiction over the physical location of the sugar refinery which issues the *Certificate of Advance Payment of VAT or Authorization Allowing the Release of Refined Sugar* not later than the 10th day following the end of the month. The aforesaid Information Return shall reflect the following information:

- a.) Name, TIN and Revenue District Office Number of the Owner of the Refined Sugar;
- b.) Number of Bags of Refined Sugar Released (per sugar classification);
- c.) Amount of Advance VAT Paid (per sugar classification).

Likewise, every sugar cooperative shall submit to the Revenue District Office where it is registered a *List of Buyers of Sugar* (Annex E) not later than the 10th day following the end of the month with the following information:

- a.) Name, address, TIN and RDO No. of the Buyer;
- b.) Number of bags of sugar sold/LKG (per sugar classification);
- c.) Amount of sales (per sugar classification).

SEC. 12. Penalty Clause. – Any violation of the provisions of these Regulations shall be subject to the penalties provided for in Sections 254, 275 and other pertinent provisions of the Code, as amended.

SEC. 13. Repealing Clause. – The provisions of RR No. 7-89 and all other internal revenue issuances inconsistent herewith are hereby repealed, modified or amended accordingly.

SEC. 14. Effectivity. – These Regulations shall take effect on January 1, 2003 or after fifteen days following publication in a newspaper of general circulation in the Philippines, whichever comes later.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue

Annex A

**REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS**

Revenue Region No. _____

Revenue District No. _____

CERTIFICATE OF ADVANCE PAYMENT OF VAT

(Authorizing the release of refined sugar subject to advance VAT)

NAME OF OWNER OF REFINED SUGAR/PAYOR

TIN:

ADDRESS:

Payor has made the advance payment in the amount of _____
for the withdrawal of _____ (_____) LKGs of
(Quantity in words)
refined sugar covered by Sugar Quedan No. _____
(Class of refined sugar)
issued by _____ . Accordingly, release of refined sugar as
(name of sugar refinery)
described above is hereby authorized.

Particulars	Drawee Bank	Number	Date	Amount
C a s h				
Check				
Bank Debit Memo				
Tax Debit Memo				

Name of AAB _____

Name of RCO/DMT _____

Date of Payment _____

(Name of Issuing Officer)

Signature

Position/Title

Date

- Original copy : To the sugar mill/refinery
Duplicate copy : Sugar seller/owner; copies to be attached to VAT return
Triplicate copy : File copy of the issuing RDO/Regional Task Force, as the case may be
Quadruplicate : Home RDO of the sugar mill/refinery

Annex B

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Revenue Region No. _____
Revenue District Office No. _____

**AUTHORIZATION ALLOWING THE RELEASE OF
REFINED SUGAR**

Date _____

The President

Greetings!

With reference to the letter dated _____ of _____ requesting the issuance of clearance to effect withdrawal of refined sugar by _____ (name of cooperative) without the payment of the advance value added tax (VAT) in conformity with the tax exemption granted by our Office under BIR Ruling No. _____ dated _____, pursuant to Republic Act No. 6938 and the pertinent provisions of the Tax Code of 1997, as implemented by Revenue Regulations No. 20-2001, please be informed that authorization is hereby allowed for the release of –

_____ LKG – Standard sugar
_____ LKG – Premium sugar
_____ LKG – Plantation white sugar
_____ LGG – Blanco directo sugar
_____ LGG - Washed sugar
_____ LKG – Direct Consumption Sugar
_____ LKG - Improved raw sugar
_____ LKG - Premium improved raw sugar

of the above-named cooperative without payment of the advance VAT. However, it is required that every withdrawal shall be covered with prior approval of this Office.

Very truly yours,

Approving Officer

Original – To refinery
Duplicate- Owner of sugar
Triplicate- Issuing RDO/Task Force file
Quadruplicate – Home RDO of the sugar mill/refinery

Annex C

SWORN STATEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT I, _____ Filipino, of legal age, and with business address at _____, in my capacity as _____ of the (Name of Cooperative), after being sworn to in accordance with law, hereby depose and state –

1. That the Cooperative is the owner of (description and quantity of sugar) now stored at (Name of sugar refinery/warehouse) and covered by Sugar Quedan No. _____;
2. That the Cooperative desires to withdraw the above refined sugar (describe the quantity, if partial) from the refinery without payment of the advance VAT as it is exempt from the VAT;
3. That said sugar has not been bidden, sold or otherwise transferred in ownership to a trader or other entity;
4. That the Cooperative will not collect any advance VAT or any other form of tax from the future buyer of above described sugar.
5. That this sworn statement is executed to attest to the veracity of the above statements.

IN WITNESS WHEREOF, I have hereunto set my hands this _____ day of _____ 2003 at _____.

Signature over Printed Name

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2003 at _____.

Administering Officer

Annex D

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

INFORMATION RETURN

(On Releases of Refined Sugar)

For the Month of _____

Name of Sugar Refinery _____ TIN _____
Address _____

* Indicate ‘Exempt’ if it is the case

Certified correct:

Signature over printed name

Designation

Original	- Issuing RDO or Task Force
Duplicate	- Refinery
Triplicate	- Home RDO of the sugar mill/refinery

Annex E

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

Revenue Region No. _____

Revenue District No.

LIST OF BUYERS OF SUGAR

For the Month of

Name of Cooperative _____ TIN _____
Address

Certified correct:

Signature over printed name

Designation

- Issuing RDO or Task Force
 - Cooperative
 - Home RDO of the Sugar Buyer