REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

Section 109 (1)(A) of the Tax Code of 1997, as amended
RR No. 16-2005, as amended
BIR Ruling No. VAT-557-19
VAT- 017-2024
FEB 28 2024

DABU LAW
Suites A20 & A22 3/F Francesca Tower
EDSA cor. Scout Boromeo
Quezon City 1100

Attention: **Carmencita C. Dabu**
Counsel for Agros Trofi

Gentlemen:

This refers to your request on behalf of your client Agros Trofi Corporation ("Agros Trofi") doing business under the name of "Rocko's Herb-Roasted Chicken" for confirmation that the sale of roasted chicken is exempt from value-added tax (VAT).

It is represented that Agros Trofi is a domestic corporation engaged in the sale of herb-roasted chicken on a take-out basis only. It does not maintain any facility by which the said roasted chicken is offered to customers who would dine-in.

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

> *"SEC. 109. Exempt Transactions – (1) Subject to the provisions of Subsection (2) hereof,* ***the following transactions shall be exempt from the value-added tax:***
>
> *(A)* ***Sale or importation of agricultural and marine food products in their original state****, livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefor.*
>
> ***Products classified under this paragraph shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market such as freezing, drying, salting, broiling, roasting, smoking or stripping. Polished and/or husked rice, corn grits, raw cane sugar and molasses, ordinary salt, and copra shall be considered in their original state****; xxx"* (Emphasis and underscoring supplied)

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

> *"SECTION 4.109-1 VAT-Exempt Transactions. –*
>
> *xxx xxx xxx*
>
> *(B) Exempt transactions. –*
>
> *(1) Subject to the provisions of Sec. 4.109-2 hereof,* ***the following transactions shall be exempt from VAT:***
>
> *(a)* ***Sale or importation of agricultural and marine food products in their original state,*** *livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefor*
>
> *xxx xxx xxx*
>
> *Meat, fruit, fish, vegetables and other* ***agricultural and marine food products classified under this paragraph shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, smoking or stripping, including those using advanced technological means of packaging, such as shrink wrapping in plastics, vacuum packing, tetra-pack, and other similar packaging methods.***
>
> *xxx xxx xxx"*
> (Emphasis and underscoring supplied)

It is worth noting that the records of the Bicameral Conference Committee reveal the pragmatic reason underlying the exemption, *viz*:

> *"MR. DAMASING: More or less, your Honor, can you give us just few example that would show that the House is more receptive to the cry of the poor people rather than the Senate.*
>
> *MR. JAVIER: Well, for example, your Honor, one is we were able to get a presumptive tax credit items – food items which are being purchased mostly by our workers. Like, sardines, canned fish, milk, sugar and then cooking oil.* ***Then another, would be – we refined the definition of agricultural products. For example, it now included roasting and broiling. So, if our worker who goes home at night because of traffic stops at ANDOK'S LECHON, and buys roasted chicken on a take-out basis NO VAT will be imposed on his purchase of that roasted chicken"*** (Emphasis and underscoring supplied)

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From the forgoing, this Office hereby confirms that Agros Trofi's sale of chicken as a food product, which had undergone the simple process of roasting, on a take-out basis, is covered by the VAT-exemption by express provision of the law.

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,

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

K-1-FFR