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

Sec. 109 (1)(A) of the Tax Code of 1997, as amended.
BIR Ruling No. 107-2019
VAT- 044-2022
JAN 24 2022

CONSTANTINO and PARTNERS
22ND Floor Citibank Tower
8741 Paseo de Roxas, Salcedo Village
Makati City

Attention : **Atty. Maricris E. Oronea**
Tax Principal

Gentlemen:

This refers to your letter dated September 5, 2019, requesting on behalf of your client, FRUITASGROUP, INC. for exemption from value-added tax (VAT) on its sale and distribution of Coconut and/or Buko Juice pursuant to Section 109 (1)(A) of the National Internal Revenue Code (Tax Code) of 1997, as amended.

Documents submitted show that FRUITASGROUP, INC. doing business under the names and styles of BUKOLOCO, FRUITASICECANDY, 7,107 HALOHALO ISLANDS and JOHNN LEMON[1], with Taxpayer's Identification Number (TIN) , is a corporation organized and existing under Philippine laws; that it is duly registered with the Securities and Exchange Commission (SEC) under SEC Reg. No. dated July 13, 2010; and that as shown in its Amended Articles of Incorporation, its primary purpose is *"[t]o establish, maintain, offer for lease to third parties, and operate restaurants, coffee shops, refreshment parlors, carts, kiosks, inline food stalls; cocktail lounge, to cook, arrange, serve and cater foods, drinks, refreshments and other food commodities commonly served in such establishments, and to offer such other services to the public and to lease out similar real estate facilities to various persons in connection with the operation of restaurant and catering enterprises; to engage in, conduct, and carry on the business of buying, selling, distributing, warehousing, manufacturing (including manufacturing of sweetened beverage), and marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description"*.

FRUITASGROUP, INC. was issued by the Food and Drug Administration (FDA) a License to Operate (LTO) No. as Food Manufacturer valid until May 28, 2025, with the following Certificates of Product Registration, to wit:

FDA Registration No.	Date Issued	Valid Until	Product Name	Brand Name
	September 15, 2020	December 27, 2025	100% Pure Coconut Juice	Buko Loco

[1] Formerly: FRUITASGROUP, INC. doing under the names and styles of BUKOLOCO, FRUITASICECANDY AND 7,107 HALOHALO ISLANDS

CTE No. VAT-044-2022
Date issued JAN 24 2022

	November 27, 2020	February 26, 2026	100% Pure Buko Juice	Juice Avenue
	November 27, 2020	February 26, 2026	100% Pure Coconut Juice	Fruitas

As represented, plain coconut or buko juice is composed purely of coconut water extracted from coconut fruits. The juice undergoes three (3) stages of filtering before being packed into bottles or containers. First, the juice is extracted and poured into an empty pot by passing it through a mesh filter. The initially filtered coconut or buko juice is then transferred to the bottling section's pot by pouring and passing it through another mesh filter. Thereafter, bottles are filled with pure coconut or buko juice that has passed through the third and final mesh filter attached to the funnel. The said bottles or containers are then sealed, capped, and stored for distribution without sweeteners, preservatives or any other additives mixed into the coconut or buko juice.

In reply, please be informed that Section 109 (1)(A) of the Tax Code of 1997, as amended, provides for the exemption from VAT on the sale of 100% Pure Coconut and/or Buko Juice which is extracted and poured inside an empty bottle and/or container without any sweeteners, preservatives or any other additives mixed. The aforesaid provision reads, viz:

> *"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 kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefore.*
>
> *Products classified under this paragraph and paragraph (a) 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, and ordinary salt shall be considered in their original state."*
>
> xxx xxx xxx

Based on the above-cited provision, the sale or importation of agricultural products in their original state for human consumption, is considered exempt from 12% VAT pursuant to Section 109 (1)(A) of the Tax Code of 1997, as amended. Agricultural products are considered in their original state even if they have undergone the simple process of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, or stripping. The type of processing is limited to the aforementioned simple processes. Otherwise, the same may no longer be considered agricultural product in its original state. Moreover, the VAT exemption is limited in application – it refers only to food products which are intended for human consumption.

CTE No. VAT- 044 - 2022
Date issued JAN 24 2022

In view of the foregoing, since Coconut and/or Buko Juice is considered agricultural product in its original state, the sale thereof by FRUITASGROUP, INC. is exempt from the 12% VAT pursuant to Section 109(1)(A) of the Tax Code of 1997, as amended. It is understood that the sale of such product must be covered by valid and existing License to Operate and Certificate of Product Registration issued by the FDA.

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

049338

K-1-JAC