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

Sec. 15(g), RA No. 9513
BIR Ruling No. 751-2018 BIR Ruling No. 1299-2018
VAT- 087-2022 MAR-03 2022

RENESONS ENERGY POLILLO, INC.
Treston Building 32nd St. cor. C5 Road
Bonifacio Global City, Taguig City 1634

Attention: **GERWYN P. SEE**
President & CEO

Gentlemen:

This refers to your letter dated November 26, 2020 requesting for a confirmatory ruling that the local sale of goods, properties or services by value added tax (VAT)-registered suppliers to **RENESONS ENERGY POLILLO, INC.** is subject to zero percent (0%) VAT rate.

As represented, **RENESONS ENERGY POLILLO, INC.** (TIN: is a corporation organized and existing under the laws of the Republic of the Philippines with business address at Sitio Bigyan, Brgy. Sibulan, Polillo, Quezon. It is registered with the Securities and Exchange Commission (SEC) with Company Registration No. Its primary purpose is to *"carry on the general business of generating, transmitting and/or distributing energy derived from coal, fossil fuel, geothermal, natural gas, solar, wind, hydroelectric, biomass and other viable sources of power for lighting and power purposes and whole selling the electric power to any power corporation, public electric utilities and electric cooperatives and carrying of all activities incidental thereto; and to acquire, build, construct, own, maintain and operate all necessary and convenient buildings, structures dows, machinery, sub-stations, transmission lines, poles, wires, and other things and devices, and to acquire and hold water and flowage rights, and to acquire, lease, hold, occupy or use land and right of way easements thereon."* Likewise, it is registered with the Board of Investments (BOI) with Certificate of Registration No. dated May 16, 2019 as Renewable Energy Developer of Biomass Resources (Polillo 1.5 MW Biomass Power Plant) located at Sitio Bigyan, Barangay Sibulan, Polillo, Quezon Province.

The Company is a registered RE Developer with the Department of Energy (DOE) in accordance with the provisions of Republic Act (RA) No. 9513, as well as its Implementing Rules and Regulations (IRR), with the following details:

Registered Project	Site	Registration No.	Date of Registration	Biomass Renewable Energy Operating Contract No.
1.5 MW Biomass Power Project	Brgy. Sibulan, Polillo, Quezon	DOE Registration No.	May 3, 2016	

VAT
MAR 0 3 2022

In reply, please be informed that Section 15 (g) of RA No. 9513 provides that –

"SEC. 15. Incentives for Renewable Energy Projects and Activities.- RE developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to the following incentives:

xxx xxx xxx

(g) Zero Percent Value-Added Tax Rate...

All RE Developers shall be entitled to zero-rated value added tax on its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

This provision shall also apply to the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors."

Clearly, RA No. 9513 intended to exclude RE Developers from the coverage of the 12% VAT on their local purchases of goods and services needed for the development, construction and installation of their power plant facilities and the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors. Under said law, the local purchases of goods and services by RE Developers are subject to zero percent (0%) VAT provided that these are needed for the development, construction and installation of their power plant facilities as well as the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors. This is one of the fiscal incentives given by the government to encourage RE Developers to develop and utilize the renewable energy resources in the country.

Accordingly, since **RENESONS ENERGY POLILLO, INC.** is a DOE-certified RE Developer, its local suppliers/sellers of goods and services should not pass on 12% VAT to the Company's purchases of goods and services that will be used in the development, construction and installation of its power plant facilities covered by, and during the existence and validity period of, Biomass Renewable Energy Operating Contract No.
issued by the DOE. This includes the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and contractors.

It must be emphasized that the zero-percent VAT shall be limited only to the company's local purchases of goods and services that will be used in the development, construction and installation of its power plant facilities covered by, and during the existence and validity period of, Biomass Renewable Energy Operating Contract No.
issued by the DOE. This includes the whole process of exploring and developing renewable energy sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors.

Likewise, the grant of VAT zero-rating shall be subject to post audit verification by the BIR whether the purchased goods/services were indeed utilized in the development, construction and installation of its power plant facilities covered by, and during the existence

and validity period of, Biomass Renewable Energy Operating Contract No. issued by the DOE.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

LARRY M. BARCELO[1]
Assistant Commissioner
Legal Service
0000776 2

K-1

[1] Pursuant to Revenue Delegation Authority Order No. 02-2020.