January 6, 2020

BIR RULING NO. OT-001-20

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Sir :

This refers to your letter dated August 13, 2019 stating that Mitsubishi Heavy Industries Asia Pacific-Manila Branch ("MHIAP" for brevity) is a branch office of Mitsubishi Heavy Industries Asia Pacific based in Singapore; that MHIAP is organized and existing under the laws of the Republic of the Philippines since June 29, 2015; that MHIAP has submitted an Application for Registration as an ECOZONE IT Enterprise to the Philippine Economic Zone Administration (PEZA); and that in accordance with Revenue Memorandum Circular (RMC) No. 21-2007 dated March 5, 2007, you now request a ruling that a Certification from PEZA that an enterprise is a *bona-fide* PEZA registered enterprise and is entitled to the Income Tax Holiday and/or the five percent (5%) Tax on Gross Income automatically entitles a PEZA registered enterprise to tax incentives.

In reply, please be informed that the issuance of BIR Ruling is not necessary since RMC No. 21-2007 dated March 5, 2007 merely prescribes the attachments to the Annual Income Tax Return (ITR) to be filed by taxpayers registered with the Board of Investments (BOI), BOI-Autonomous Region of Muslim Mindanao (BOI-ARMM) and PEZA for taxable year 2006 and onwards. For availment of the tax incentives which shall be limited only to the registered activity within the Ecozone, MHIAP must observe and comply with the terms and conditions provided for in its Registration Agreement with PEZA.

Moreover, pursuant to Section 4 of Republic Act (RA) No. 10708, [1] MHIAP is required to file its tax returns and pay its tax liabilities, on or before the deadline as provided under the National Internal Revenue Code of 1997, as amended, using the electronic system for filing and payment of taxes of the BIR. Furthermore, it shall file with PEZA a complete annual tax incentives report of its income-based tax incentives, value added tax (VAT) and duty exemptions, deductions, credits or exclusions from the tax base, as may be provided under RA No. 7916, within the periods prescribed under RA No. 10708's Implementing Rules and Regulations and Joint Memorandum Circular No. 1-2016 dated September 1, 2016.

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Please be guided accordingly.

Very truly yours,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Footnotes

1. An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies.

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