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

Sec. 109 (1)(B) of the Tax Code of 1997;
BIR Ruling No. 027-18
VAT- 104-2023
DEC 11 2023

BON AFFAIRE TRADING, INC.
(doing business under the name and style of Emarketdeal)
310 MN Square Bldg., 678 Shaw Blvd.
Brgy. Kapitolyo Pasig City 1603

Attention : **Ms. Mary Ann Salcedo**

Gentlemen:

This refers to your request for an issuance of a certificate of value-added tax (VAT) exemption in favor of BON AFFAIRE TRADING, INC. pursuant to Section 109 (1)(B) of the National Internal Revenue Code (Tax Code) of 1997, as amended.

Documents submitted show that BON AFFAIRE TRADING, INC. is a domestic corporation organized and existing under the laws of the Philippines; that it is duly registered with the Securities and Exchange Commission (SEC) under Company Registration Number ; that the Fertilizer and Pesticide Authority (FPA) of the Department of Agriculture (DA) has issued the following certifications: (a) Certificate of Product Registration for its product Red Wonder Inorganic Fertilizer with the authority for use on all crops valid until June 18, 2023; (b) License to Operate as National Distributor of fertilizers valid until October 31, 2022; and (c) License to Operate as Importer of fertilizers valid until October 31, 2022.

In reply, please be informed that Section 109 (1)(B) of the Tax Code of 1997, as amended by Republic Act No. 9337, provides for the exemption from VAT on the sale or importation of fertilizers for use in all crops. 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:*
>
> *xxx xxx xxx*
>
> *B) Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn, livestock and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds (except specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets);"*

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xxx xxx xxx

Based on the above-cited provision, the importation and distribution/sale of fertilizers for use in all crops, is considered exempt from VAT pursuant to Section 109 (1)(B) of the Tax Code of 1997, as amended.

In view of the foregoing, since the FPA has already certified that the Red Wonder Inorganic Fertilizer is/are to be used for all crops, the importation, distribution and sale thereof by BON AFFAIRE TRADING, INC. is exempt from the twelve percent (12%) VAT imposed under Sections 106 (A) and 107 (A) of the 1997 Tax Code of 1997, as amended, on the sale and importation of goods. *(BIR Ruling No. 027-18 dated January 18, 2018)*

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
029196

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