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

Secs. 109 (1) (T) of the Tax Code of 1997, as amended
BIR Ruling No. 1169-2018
VAT - 140 - 2021
APR 26 2021

WORLD AVIATION INTERNATIONAL SERVICES CORPORATION
2316 KIA Building, Aurora Boulevard (Tramo),
Pasay City

Attention: **CRISOLOGO ZENAROSA**
Accountable Manager

Gentlemen:

This refers to your request on behalf of the World Aviation International Services Corporation for tax exemption on the sale of three (3) aircrafts, pursuant to Section 109 (1) (T) of the National Internal Revenue Code (Tax Code) of 1997, as amended.

Documents submitted disclosed that World Aviation International Services Corporation, with Taxpayer Identification Number (TIN) , is a domestic corporation organized and registered with the Securities and Exchange Commission (SEC) under Company Registration No. ; that it is a licensed aircraft operator thru its Air Operator Certificate (AOC) issued by the Civil Aviation Authority of the Philippines (CAAP), authorized to perform commercial air operations, as defined in the Operations Specifications, in accordance with the Operations Manual and Part 9 of the Philippines Civil Aviation Regulations, series of 2008; that it is desirous in acquiring three (3) aircrafts currently owned by World Aviation Corporation (WAC) with the following descriptions:

Registry	Manufacturer	Model/Serial
RP-C9188	AIRBUS HELICOPTERS	EC130T2/SN: 8015
RP-C9880	AIRBUS HELICOPTERS	EC130T2/SN: 8082
RP-C1368	AIRBUS HELICOPTERS	EC130B4/SN: 7528

and that on December 05, 2016, the Civil Aeronautics Board (CAB) approved the application of World Aviation International Services Corporation for the issuance of its Certificate of Public Convenience and Necessity (CPCN) to Operate Domestic Non-Scheduled (Air Taxi) and International Non-Scheduled Air Transportation Services valid for five (5) years, effective from November 29, 2016 up to November 28, 2021.

In reply, please be informed that Section 109 (1) (T) of the Tax Code of 1997, as amended, provides as follows:

"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

(T)[1] *Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations."*

Based on the above-cited provision, the sale, importation or lease of an aircraft destined for domestic transport or international transport operations shall be exempt from value added tax (VAT). In relation thereto, Section 4.109-1 (B) (1) (t) of Revenue Regulations (RR) No. 16-2005, as amended, which implements the above-quoted provision, states that:

"SECTION 4.109-1. VAT-Exempt Transactions. — xxxxx

(B) Exempt Transactions. —

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from VAT:

xxx xxx xxx

(t) Sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations: Provided, however, that the exemption from VAT on the importation and local purchase of passenger and/or cargo vessels shall be subject to the requirements on restriction on vessel importation and mandatory vessel retirement program of Maritime Industry Authority (MARINA)."

Accordingly, the acquisition of three (3) aircrafts with Aircraft Model/Serial Nos. EC130T2/SN:8015, EC130T2/SN:8082, and EC130B4/SN:7528 by World Aviation International Services Corporation for its domestic non-scheduled (air taxi) and international non-scheduled air transportation services is exempt from the payment of VAT.

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

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[1] Renumbered by Republic Act (RA) No. 10378.