May 19, 2021

BIR RULING NO. VAT-174-21

Sec. 109 (1) (A) and (1) (B) of the NIRC of 1997; BIR Ruling No. 816-2018

Easy Bio Philippines, Inc.
1708 17/F East Tower, PSEC, Exchange Road
Ortigas Center, San Antonio
Pasig City 1605

Attention: *AAA*

Gentlemen :

This refers to your letter dated January 23, 2020, requesting on behalf of EASY BIO PHILIPPINES, INC. for certificate of exemption from value-added tax (VAT) on its sale of livestock (pigs) and poultry products (chicken eggs), pursuant to Section 109 (1) (A) of the National Internal Revenue Code of 1997 (Tax Code), as amended; and the sale of feeds (broiler, layer and swine), and feed additives (minerals and vitamins), pursuant to Section 109 (1) (B) of the Tax Code, as amended.

Documents submitted show that EASY BIO PHILIPPINES, INC., 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 Company Reg. No. CS200251258 dated July 19, 2002; and that as shown in its Amended Articles of Incorporation, its primary purpose is "*to engage in the business of manufacturing agricultural products, to trade such products on wholesale basis, and to import agricultural products, feed ingredients, feed additives, livestock, breeding stock and genetic materials, biological and diagnostic kits, machinery and equipment, spare parts and other items related to agriculture*."

EASY BIO PHILIPPINES, INC., was issued by the Bureau of Animal Industry (BAI) with the following Certificates of Registration, to wit:

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Feed Establishment Registration Certificate	BAI Reg. No. CFT-19-089	Commercial Feed Trader
Feed Establishment Registration Certificate	BAI Reg. No. TM-027	Toll Manufacturer
Feed Establishment Registration Certificate	BAI Reg. No. M-917	Feed Manufacturer

with Licenses To Operate, to wit:

BAI LTO No. VDAPDI-0293	Veterinary Drug and Product Distributor/Importer	Valid from August 15, 2019 to August 14, 2021
BAI LTO No. VDAPT-0113	Veterinary Drug and Product Trader	Valid from August 15, 2019 to September 1, 2021

As represented, EASY BIO PHILIPPINES, INC. is engaged in the sale of the following products:

1.	**Livestock** (pigs) and poultry products (chicken eggs)
2.	**Feeds:**
	2.1. iFeed piglet diet — contains the most essential nutrients which supports rapid growth and ensure proper nutrition.
	2.2. iFeed fattener diet — contains nutrient absorption accelerators and digestion optimizers which supports faster structural development and build-up of leaner muscles.
	2.3. iFeed breeder diet — contains all essential nutrients to support and maintain optimum levels of productivity.
	2.4. iFeed chicky broiler feed
	2.5. iFeed duck layer — contains optimum level of vitamins, minerals and amino acids to enhance production performance.
	2.6. iFeed quail layer — with balanced level of calcium and phosphorus for better egg shell quality.
	2.7. iFeed chicken layer 1 & 2 — contains digestion optimizers for better feed digestibility and improved performance.
	2.8. Omma Sow Gestation and Omma Sow Lactation (advance and classic)
3.	**Feed Additives** (mineral and vitamins)
	3.1. Cleo

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3.2. Endonase Plus
3.3. Endofeed
3.4. Piggy Power
3.5. Ultrapro
3.6. Phytamax
3.7. Boar Powermax
3.8. Pepsogen
3.9. Lipidol
3.10. Easymix
3.11. Fermkito
3.12. Bio Chrome

In reply, please be informed that Section 109 (1) (A) and (B) of the Tax Code, as amended by Republic Act (RA) No. 10963, provide for the exemption from VAT on the sale or importation of livestock (pigs) and poultry products (chicken eggs) for human consumption, and sale or importation of feeds and feed additives and ingredients, respectively. The aforesaid provisions read, *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.*
>
> (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);*
>
> xxx xxx xxx"

The words "ingredients" and "feeds" are defined in Section 3 of Republic Act (RA)

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No. 1556 (An Act to Regulate and Control the Manufacture, Importation, Labelling, Advertising, and Sale of Livestock and Poultry Feeds), otherwise known as the "Livestock and Poultry Feeds Act," as amended by Presidential Decree (PD) No. 7, as follows:

> *"Section 3. Definitions. — For the purpose of this Act, the following terms shall mean:*
>
> xxx xxx xxx
>
> *(d) "Feeds" or "Feeding Stuff" shall include all such articles to be used as feeds for the purpose of feeding purporting to supply proteins, carbohydrates, fats, minerals, vitamins, antibiotics and/or correcting nutritional disorders. Such articles may be locally produced or imported, mixed or in the form of simple ingredients.*
>
> xxx xxx xxx
>
> *(l) "Ingredients" means any single article of feed or feeding stuff which enters into the composition of a ration, concentrate, or supplement."*
>
> xxx xxx xxx

Likewise, the Department of Agriculture (DA) in DA Administrative Order No. 12-07 (Revised Implementing Rules and Regulations on the Registration of Feed Establishments and Feed Products) defined Feed Additive as follows:

> *"Section 2. Definition of Terms. —*
>
> *For purposes of these rules and regulations, the following definitions are hereby adopted:*
>
> xxx xxx xxx
>
> *2.28. Feed Additive — refers to an ingredient or combination of ingredients which is added to the basic mixed feed to fulfill a specific need which include, but not limited to, acidifiers, antioxidants, aromatics, deodorizing agents, flavor enhancers, mold inhibitors, pellet binders, preservatives, sweeteners, toxin binders, etc. It is usually used in micro quantities and requires careful handling and mixing. A feed additive may have no nutritive value but is added to the feed to improve its quality and efficacy.*

Based on the above-cited provision, the importation and distribution/sale by EASY BIO PHILIPPINES, INC. of livestock and poultry products for human consumption is considered exempt from 12% VAT pursuant to Section 109 (1) (A) of the Tax Code, as amended, provided that the necessary government permit/accreditation/authority for the

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distribution/sale of said livestock and poultry products have been properly secured.

Moreover, the distribution/sale of feeds and feed additives by EASY BIO PHILIPPINES, INC. is considered exempt from VAT pursuant to Section 109 (1) (B) of the Tax Code, as amended, provided that the feed additives enumerated above are used exclusively for the production of livestock and poultry feeds, and not for specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets.

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,

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

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