REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 109(1)(T) NIRC
Revenue Regulations No. 15-2015
BIR Ruling No. 385-2014
#092-2016
3-14-2016

Sycamore International Shipping Corporation
Unit B, 14th Floor, Sagittarius I Condominium
111 HV Dela Costa St., Salcedo Village
Makati City

Attention: **Joselito V. Abrogar**
President

Gentlemen:

This refers to your letter dated January 5, 2016, requesting on behalf of **Sycamore International Shipping Corporation**, for a Certificate of Value-Added Tax (VAT) Exemption on its importation of one (1) unit brand new bulk carrier (Hull No.), to be named "MV AQUARIUS", pursuant to Section 109 of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted show that **Sycamore International Shipping Corporation**, with Tax Identification No. , is a domestic corporation registered with the Securities and Exchange Commission (SEC) under Company Registration No ; that it is duly accredited by the Maritime Industry Authority (MARINA) to engage in Domestic Shipping Business per MARINA Certificate No. (2014) dated November 10, 2014 valid until November 9, 2017; and that **Sycamore International Shipping Corporation** will be importing one (1) unit brand new bulk carrier (Hull No.), particularly described as follows:

Name of Ship	MV "AQUARIUS"
IMO Number	
Flag State	Panama
Type of Ship	Bulk Carrier
Gross Tonnage (TM69)	(22,600)(to be measured)
Dimensions (L,B,D)	173.90m (L) x 20.00m (B) x 14.50m (D)
Maker of Main Engine	Mitsui Engineering & Shipbuilding Co., Ltd.
No., Type, Model	One (1), Diesel Engine, 6S50ME-B8.3
Rated Power	6,780 kW
Owner	*Grabbeling International Corporation*

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	Omega Building, Mezzanine, Av. Samuel Lewis and 53rd Street, Panama City, Republic of Panama
Builder, Where Built	Tsuneishi Heavy Industries (Cebu), Inc., Philippines
Date of Keel Laid	June 10, 2015
Date of Expected Completion	February 12, 2016

that MARINA has approved the importation of the above-described vessel in its letter dated December 10, 2015; and that per Affidavit of Undertaking dated October 8, 2015 executed by Joselito V. Abrogar, President of **Sycamore International Shipping Corporation**, the subject vessel is directly imported by **Sycamore International Shipping Corporation**, a MARINA-registered domestic shipowner/operator, and that the vessel is reasonably needed and will be used exclusively by the Company in its transport operations.

In support of its request for exemption, **Sycamore International Shipping Corporation** has submitted the following documents:

1. Certified true copies of the SEC Certificate of Registration, Articles of Incorporation and By-Laws;
2. Certified true copy of the MARINA Authority to Import;
3. Certificate of Registration/Accreditation with MARINA;
4. Certified true copy of the Builder's Certificate;
5. Certified true copy of the Shipsales Contract dated September 3, 2015;
6. Affidavit of Undertaking;
7. Secretary's Certificates; and
8. BIR Registration

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

> *"**Sec. 109 Exempt Transactions**. – Exempt Transactions.-*
>
> *(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax.*
>
> *(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 importation, among others, of a cargo vessel destined for domestic transport operations shall be exempt from VAT. In relation thereto, Section 4.109-1 (B)(1)(t) of Revenue Regulations (RR) No. 16-2005, as amended by RR No. 15-2015, which implements the above-quoted provision, provides:

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

[1] Renumbered by Republic Act No. 10378

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xxx xxx xxx

(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 MARINA."

It is noted that MV "AQUARIUS" is a brand new vessel and has been issued by MARINA with the required authority to be imported. Hence, the importation of the said vessel by **Sycamore International Shipping Corporation** is deemed compliant with the requirements on restriction on vessel importation and mandatory vessel retirement program of MARINA. Accordingly, the importation by **Sycamore International Shipping Corporation** of MV "AQUARIUS" shall be exempt from VAT pursuant to Section 109(1)(T) of the NIRC of 1997, as amended. The VAT exemption, however, shall be subject to the strict compliance of the conditions contained in the letter of approval issued by MARINA for the importation of the subject vessel.

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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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