January 14, 2019

BIR RULING NO. 107-19

Sec. 109 (A), Tax Code; 000-00

AAA
_____, Dane International Commodities, Inc.
168 Hillside St., Pasadena, San Juan City

Dear AAA,

This refers to your letter dated October 25, 2017 requesting for a confirmatory ruling that the sale by **Dane International Commodities, Inc.** of pistachio kernels (shelled), raw almonds, raw walnuts, raw macadamias, raw pecans, raw cashews, raw hazelnuts, dried raisins, dried prunes, dried dates, dried cranberries, dried blueberries, dried cherries, dried apricots, dried figs, sesame seeds, sunflower seeds, pumpkin seeds and chia seeds to its local customers are exempt from value-added tax (VAT).

As represented, **Dane International Commodities, Inc.** with Tax Identification Number 000-000-000-000, is a local company engaged in the wholesale and retail trade of confectionery products.

The company imports a number of agricultural products and repacks the same in wholesale quantities for sale to its local customers which are mostly hotels, restaurants, supermarkets, cake and pastry shops. There is no additional processing done to alter the state of the said products nor are there additives introduced or incorporated in the repackaging. The agricultural products are as follows:

List of Products	Country of Origin
Pistachio Kernels (shelled)	USA
Raw Almonds	USA
Raw Walnuts	USA
Raw Macadamias	Australia
Raw Pecans	USA
Raw Cashews	USA/Vietnam

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Raw Hazelnuts	USA
Dried Raisins	USA
Dried Prunes	USA
Dried Dates	USA
Dried Cranberries	USA
Dried Blueberries	USA
Dried Cherries	USA
Dried Apricots	USA
Dried Figs	USA
Sesame Seeds	Mexico
Sunflower Seeds	China
Pumpkin Seeds	USA/China
Chia Seeds	Mexico

In reply, please be informed that Section 109 (1) (A) of the National Internal Revenue Code of 1997, as amended by Republic Act (R.A.) No. 9337 provides, *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 a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefore.*
>
> *Products classified under this paragraph 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, ordinary salt, and copra shall be considered in their original state;*
>
> xxx xxx xxx"

In view of the foregoing, this Office confirms that the sale by **Dane International Commodities, Inc.** of the following items to its local customers are exempt from value-added tax (VAT) provided that there is neither additional processing done to alter the state of said products nor additives introduced or added in said products:

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Imported Items	Quality	BPI Import Clearance No.
PUMPKIN SEED KERNELS (Dried/Raw/Conventional/Shineskin)	120 BAG/ 3000 Kilogram	ICDABPI181733017
HULLED SUNFLOWER KERNELS (Dried)	120 BAG/ 3000 Kilogram	ICDABPI181733017
FLAXSEED (Brown/Raw/Conventions/Dried)	80 BAG/ 2000 Kilogram	ICDABPI181733017
PINE NUT KERNEL	30 CASE/ 1500 Kilogram	ICDABPI181733017
DRIED RAISINS	1600 CASE/ 20000 Kilogram	ICDABPI181726242
PISTACHIOS	250 CASE/ 3407.5 Kilogram	ICDABPI181724604
ALMONDS	1200 CASE/ 13608 Kilogram	ICDABPI181726600
CRANBERRIES (Dried)	300 CASE/ 3402 Kilogram	ICDABPI181726598
DATES (Dried/Pitted)	600 CASE/ 4086 Kilogram	ICDABPI181726594
CASHEW NUTS KERNEL	800 CASE/ 18144 Kilogram	ICDABPI181729799
PECANS	400 CASE/ 5452 Kilogram	ICDABPI181730503
BLUEBERRIES (Dried)	120 CASE/ 1360.8 Kilogram	ICDABPI181730502

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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