September 7, 2018

BIR RULING NO. 1169-18

Sec. 109 (1) (T) of the NIRC of 1997, as amended; BIR Ruling No. 595-2012

World Aviation International Services Corporation
2316 Kia Motor Sales Corp., Aurora Blvd., Andrews Ave. Tramo
Barangay 178, Pasay City

Attention: *AAA*

Gentlemen :

This refers to your letter dated June 26, 2018, requesting on behalf of the World Aviation International Services Corporation for tax exemption on the importation of three (3) aircrafts, pursuant to Section 109 (1) (T) of the National Internal Revenue Code of 1997, as amended.

Documents submitted disclosed that World Aviation International Services Corporation, with Taxpayers Identification Number (TIN) 000-000-000-000, is a domestic corporation organized and registered with the Securities and Exchange Commission (SEC) under Company Registration No. CS201608566; 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 the CAAP issued various Certifications interposing no objection to the importation of three (3) aircrafts, with the following descriptions:

Specification	Aircraft 1	Aircraft 2	Aircraft 3
Manufacturer	Quest Aircraft Company, LLC	Quest Aircraft Company, LLC	Quest Aircraft Company, LLC
Aircraft Model	Kodiak 100	Kodiak 100	Kodiak 100
Aircraft Serial Number	SN 100-0171	SN 100-0183	SN 100-0169
Registry Number	RP-C 1220	RP-C 511	RP-C 169
Engine Manufacturer	Pratt & Whitney Canada	Pratt & Whitney Canada	Pratt & Whitney Canada
Engine Model	PTGA-34	PTGA-34	PTGA-34

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Engine Serial Number	PCE-RB 1020	PCE-RB 0974	PCE-RB 0933
Place of Origin	USA	USA	Japan
Port of Entry	Puerto Princesa, Palawan	Puerto Princesa, Palawan	Laoag, Ilocos Norte
Date of Arrival	February 17, 2017	July 19, 2017	November 21, 2017

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 National Internal Revenue 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 importation 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. — x x x

(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)."

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Accordingly, the importation of the three (3) aircrafts with Aircraft Serial Nos. SN 100-0171, SN 100-0183, and SN 100-0169 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.

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

Footnotes

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

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