November 15, 2018

BIR RULING NO. 1343-18

Sec. 108 (B) (2), RA 8424, as amended;
BIR Ruling No. 413-12

AAA

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Madame :

This refers to your letter dated February 4, 2013 requesting for a confirmation of your opinion that you and your husband BBB's transaction with ZOE MINISTRIES are subject to value-added tax at the rate of zero percent (0%) pursuant to Section 108 (B) (2) of the National Internal Revenue Code of 1997, as amended (Tax Code of 1997).

You represent that you are a freelance writer while your husband is a freelance lay-out artist; that the two of you are registered as professionals with the Bureau of Internal Revenue under Taxpayers' Identification Nos. 000-000-000-000 and 000-000-000-000, respectively; and that you render writing and lay-out services to your client, Zoe Ministries, with address at 40 Woodland Drive, Tuxedo, New York 10987 United States.

In support of your request, you have submitted the following documents, to wit:

1. BIR Certificates of Registration;

2. Certifications from Zoe Ministries of AAA and BBB's contract with their company as suppliers of service;

3. Client Services Contract between Zoe Ministries and AAA;

4. Client Services Contract between Zoe Ministries and BBB;

5. Bank of Philippine Islands Certificates of Inward Remittance for the month of April 2013 dated 23 May 2013;

6. Updated Bank of Philippine Islands Certificates of Inward Remittance for the month of April and May 2013 dated 5 July 2013; and

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7. Western Union Money Transfer Record of Money Transfers from CCC to BBB for the months of February to March 2013;

Based on the foregoing representations, you now request for confirmation of your opinion that payments received by you and your husband BBB for writing and lay-outing services, respectively, are subject to VAT at zero percent (0%) rate pursuant to Section 108 (B) (2) of the Tax Code of 1997.

In reply thereto, please be informed that Section 108 (B) (2) of the Tax Code of 1997, as implemented by Section 4.108-5 (b) (2) of Revenue Regulations No. 16-2005, as amended, states that —

> "(B) *Transactions subject to Zero Percent (0%) Rate*. — The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> "xxx xxx xxx
>
> (2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP;
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> xxx xxx xxx"

Applying the afore-quoted provisions of law cited above to the case under consideration, this Office holds that services rendered by you and your husband and paid for in acceptable foreign currency will qualify for VAT zero-rating pursuant to Section 108 (B) (2) of the Tax Code of 1997, as implemented by Section 4.108-5 (b) (2) of Revenue Regulations No. 16-2005, as amended. Provided, that the same is remitted inwardly and accounted for in accordance with the rules and regulations of the BSP. *(BIR Ruling No. 413-12 dated June 15, 2012)*

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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