REPUBLIC OF THE PHILIPPINES
DEP/ RTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sec. 109(1)(A),(B) NIRC
BIR Ruling No. 194-12
#221-2017 5-12-2017

METOLIUS VALLEY, INC.
Brgy. Esperanza, Ibaba
Alfonso, Cavite

Attention: **Melissa R. Caylao**
General Manager

Gentlemen:

This refers to your letters dated July 18, 2013 and November 4, 2016 requesting, on behalf of Metolius Valley, Inc., exemption from value-added tax (VAT) on its importation of **fresh mushrooms** pursuant to Section 109(1)(A) of the Tax Code of 1997, as amended.

It is represented that Metolius Valley, Inc., with Tax Identification Number (TIN) , is a corporation duly organized and existing under the Philippine laws and registered with the Securities and Exchange Commission (SEC), with SEC Registration No. ; that it is engaged in the business of importation and sale of agricultural and related products; that per Certification dated February 10, 2014 issued by the Bureau of Plant Industry, Metolius Valley, Inc. is an accredited importer of Fresh Mushroom, Fresh Button Mushroom, Fresh Enoki Mushroom, Fresh Eryngii Mushroom and Fresh Shimeji Mushroom; that the above-named products are being imported and sold in their original state; and that the above request for VAT exemption is not subject of a pending investigation, audit, administrative protest, claim for refund, collection proceedings or judicial appeal.

In reply, please be informed that Section 109 (1)(A) of the Tax Code of 1997, as amended, provides, to wit:

> *"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 therefor.*
>
> *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, boiling, roasting, smoking or stripping. xxx"*

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Accordingly, since Fresh Mushroom, Fresh Button Mushroom, Fresh Enoki Mushroom, Fresh Eryngii Mushroom and Fresh Shimeji Mushroom are considered agricultural products in their original state, the importation thereof by Metolius Valley, Inc. is exempt from VAT in accordance with Section 109(1)(A) of the Tax Code of 1997, as amended (*BIR Ruling No. 194-2012* dated March 21, 2012). The importation/sale, however, of Mushroom Substrate, Mushroom Casing, Sawdust and Wheatbran is subject to 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,

CAESAR R. DULAY
Commissioner of Internal Revenue

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