June 17, 2019

BIR RULING NO. 352-19

Sec. 109 (1) (B) of the Tax Code of 1997;
BIR Ruling No. 027-18

Radialpro Trading, Inc.
3270 Gasanco Compound, Merville Annex Road,
Brgy. 201, Pasay City

Attention: *AAA*

Gentlemen :

This refers to your letter dated February 28, 2019, requesting on behalf of RADIALPRO TRADING, INC. certificate of exemption from value-added tax (VAT) on its sale or importation of fertilizers pursuant to Section 109 (1) (B) of the 1997 Tax Code, as amended.

Documents submitted show that RADIALPRO TRADING, INC., with Taxpayer's Identification Number (TIN) 000-000-000-000, is a corporation organized and existing under Philippine laws; that it is duly registered with the Securities and Exchange Commission (SEC) under SEC Reg. No. CS201305823; and that as shown in its Articles of Incorporation, its primary purpose is to engage in, conduct, and carry on the business of buying, selling, distributing, marketing at wholesale and insofar as may be permitted by law, all kinds of goods, wares and merchandise of every kind and description.

It is represented that RADIALPRO TRADING, INC. was issued Certificates of Registration by the Bureau of Agriculture and Fisheries Standards (BAFS) as importer/distributor of the following products:

Reg. No.	Date of Issue	Product	Brand Name	For use in
3IP-01-037	May 7, 2018	Organic soil Amendment-Plant Supplement	Parker Neem Cake	Grain Crops (Rice)

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3IP-01-044	May 7, 2018	Organic Soil Amendment-Organic Fertilizer	Enviro Hi-Crop Organic Liquid Fertilizer	Fruiting Vegetables (Okra) & Grain Crops (Rice)
3IP-01-046	May 7, 2018	Organic Soil Amendment-Organic Fertilizer	Enviro Ultra Action Organic Liquid Fertilizer	Fruiting Vegetables (Okra) & Grain Crops (Rice)

In reply, please be informed that Section 109 (1) (B) of the Tax Code of 1997, as amended by Republic Act No. 9337, provides for the exemption from VAT on the sale or importation of fertilizers for use in vegetables and grain crops. The aforesaid provision reads, *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:
>
> xxx xxx xxx
>
> B) Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn, livestock and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds (except specialty feeds for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets)";
>
> xxx xxx xxx

Based on the above-cited provision, the importation and distribution/sale of fertilizers for use in fruiting vegetables (Okra) and grain crops (Rice), is considered exempt from VAT pursuant to Section 109 (1) (B) of the Tax Code of 1997, as amended. It is noted that the Organic Certification Center of the Philippines (OCCP) issued a Certification dated September 12, 2018, certifying that RADIALPRO TRADING, INC. is in compliance with standards for the following products:

Product	Area	Units	Quantity	Status
Solid Organic Soil Amendments	NA	2 FACILITIES	200 TONS	Organic
Liquid Organic Soil Amendments			300,000 LITERS	Organic

In view of the foregoing, since the BAFS has issued Certificates of Registration with compliance to the Philippine National Standard (PNS) for Organic Agriculture and PNS for Organic Soil Amendments which are to be used in fruiting vegetables (Okra) and grain crops

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(Rice), the importation and distribution/sale thereof by RADIALPRO TRADING, INC. is exempt from the twelve percent (12%) VAT imposed under Sections 106 (A) and 107 (A) of the 1997 Tax Code, as amended, on the sale and importation of goods pursuant to Section 109 (1) (B) of the Tax Code of 1997, as amended. *(BIR Ruling No. 027-18 dated January 18, 2018)*

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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