**September 2, 2019**

# BIR RULING NO. 484-19

Sec. 109 (1) (T) of the NIRC of 1997, as amended; BIR Ruling No. 1169-2018

*World Aviation International Services Corporation*
2316 KIA Building, Aurora Boulevard (Tramo),
Pasay City

Attention: *AAA*

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Gentlemen :

This refers to your letter dated June 24, 2019, requesting on behalf of the World Aviation International Services Corporation for tax exemption on the importation of one (1) aircraft, 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 a Certification dated June 13, 2019 interposing no objection to the importation of one (1) aircraft, with the following descriptions:

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|---|---|
| Manufacturer | Quest Kodiak |
| Aircraft Serial No./Model | 100-0204 |
| Engine Manufacturer | Pratt & Whitney |
| Engine Model | PTGA-34 |
| Engine Serial Number | PCE-RB1017 |

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| | |
|---|---|
| Registration | RP-C204 |
| Commercial Invoice No. | MAHL001 |

that based on the same Certification, the said aircraft is not locally manufactured and sold directly for Philippine Market, and is necessary/incidental for the operation of World Aviation International Services Corporation; 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,*

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*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)."*

Accordingly, the importation of one (1) aircraft with Aircraft Serial No. 100-0204 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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