April 3, 2018

BIR RULING NO. 593-18

Sec. 2 (t) of Revenue Bulletin No. 01-03;
BIR Ruling No. 264-15

AAA

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Sir :

This refers to your letter dated August 13, 2015, received by this office on August 28, 2015, seeking clarification as to whether or not the BIR allows any establishment to add-on a 12% VAT to its published price/fee/rate knowing very well that the net VAT the establishment will be remitting to BIR is only 3% to 5% after deducting the input VAT.

You stated in your letter that the BIR prohibited said practice of restaurants and retail establishments almost a decade ago; and you deem it as some form of fraud, making it appear that the 12% VAT being added is a BIR charge to be remitted to BIR, when in fact, only a small portion is actually remitted to the BIR.

In reply, please be informed that under Revenue Bulletin No. 01-03, the ruling function is limited to the determination of purely legal issues, as opposed to questions of fact. Accordingly, the Revenue Bulletin declared certain issues or subject matter as "No-Ruling Areas," on which the appropriate office of the Bureau is hereby instructed not to accept any request for rulings covered by said Revenue Bulletin or any amendments thereto.

Section 2 (t) of Revenue Bulletin 01-03 provides:

> *"SECTION 2. List of No-Ruling Areas. — The following shall hereby be construed and identified as "No-Ruling Areas":*
>
> xxx xxx xxx
>
> *t) Request for rulings on issue/s or transactions based on hypothetical situations; x x x"*

In view of your representation that the transaction is neither existing nor partially executed, this Office cannot as yet issue a definitive ruling or opinion on the above matter

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considering that the issue is based on hypothetical situation, which is considered as a "No-Ruling Area" pursuant to Section 2 (t) of Revenue Bulletin No. 01-03. ***(BIR Ruling No. 264-15 dated July 30, 2015)***

Be that as it may, we would be glad to assist you should you request for a ruling when these transactions are executed by the concerned parties.

Please be guided accordingly.

Very truly yours,

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

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