REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

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REVENUE MEMORANDUM CIRCULAR NO. 20-2023

SUBJECT : **Clarifying the Provision of Section 5 of Revenue Memorandum Circular No. 063-22 pertaining to the Application of the Three (3) Primary Taxable Bases in Applying the Excise Tax Rates for Automobiles**

TO : **All Internal Revenue Officials and Revenue Officers Concerned**

This Circular is hereby issued to address the issues and concerns pertaining to the correct tax base in computing the excise tax on the importation of automobiles for resale pursuant to Section 149 of the National Internal Revenue Code (Tax Code) of 1997, as amended.

Based on Section 5 of Revenue Memorandum Circular (RMC) No. 063-22, there are 3 primary taxable bases on which an excise tax rates shall be applied, as follows:

> *"Based on the above provisions, there are three (3) primary taxable bases in applying the excise tax rates for automobiles, namely:*
>
> 1. *Declared manufacturer's or importer's selling price, net of excise and value-added taxes;*
> 2. *Based on the 80% actual dealer's price, net of excise and value-added taxes; and*
> 3. *Based on the total cost of importation and expenses divided by 90%."*

Several issues and concerns have been raised with the Bureau on the application of the 3rd taxable base provided above, which is *"the total cost of importation and expenses divided by 90%"*. Relative thereto, this Office clarifies that the 3rd taxable base provided in number 3 of Section 5 of RMC No. 63-22 shall only apply in cases where the Net Importer's selling price is lower than the cost of importation and expenses as defined in said RMC.

All other issuances inconsistent herewith are hereby repealed and modified accordingly.

All internal revenue officials/officers, employees and others concerned are hereby enjoined to give this Circular a wide publicity as possible.

This Circular shall take effect immediately.

ROMEO D. LUMAGUI JR.
Commissioner of Internal Revenue
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