REOUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**
Quezon City

April 5, 2006

**REVENUE MEMORANDUM CIRCULAR NO. 22 – 2006**

**SUBJECT :** Clarifying Certain Issues Relating to the Implementation of the Increase in the VAT Rate from 10% to 12% on the Sale of Goods Pursuant to the Republic Act No. 9337.

**TO :** All Internal Revenue Officials, Employees and Others Concerned.

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I. **Tax Treatment of Sale of Goods –** For the sale of goods, a value added tax (VAT) shall be imposed based on the gross sales for a given taxable period. Gross sales shall mean the total sales from consummated transactions whether paid or still payable or upon its accrual. Consummation of the transaction shall mean the delivery and acceptance of the goods with the corresponding isssuance of the sales invoice.

II. **Application of the 10% or 12% VAT –** Consummated sale of goods prior to February 1, 2006 shall be subject to the 10% VAT while sale transactions entered into on or after the aforesaid date shall be subject to 12% VAT.

Sale transactions which are entered into prior to February 1, 2006, even if already booked as a sale but delivery of the goods and issuance or dating of the sales invoice took place on or after February 1, 2006 shall be considered as sales on or after February 1, 2006 and shall be subject to the 12% VAT rate.

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
**JOSE MARIO C. BUÑAG**
Commissioner of Internal Revenue