REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

June 17, 2014

REVENUE MEMORANDUM CIRCULAR NO. 55-2014

SUBJECT : Clarifying the livestock and poultry feeds or ingredients used in the manufacture of finished feeds to be exempt from Value-Added Tax (VAT) under Sec. 4.109-1(B)(1)(b) of Revenue Regulations No. 16-2005.

TO : All Revenue Officials and Employees Concerned

A. BACKGROUND

The first paragraph of Section 4.109-1 (B)(1)(b) of Revenue Regulations No. 16-2005 reads:

Sec.4.109-1- VAT Exempt Transactions.-
x x x x x x

(B) Exempt transactions. –

(1) Subject to the provisions of Sec. 4.109-2 hereof, the following transactions shall be exempt from VAT:

x x x x

(*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)*

"Specialty feeds" refers to non-agricultural feeds or food for race horses, fighting cocks, aquarium fish, zoo animals and other animals generally considered as pets.

The above provision exempts from VAT the sale or importation of livestock and poultry feeds or ingredients used in the manufacture of finished feeds. It has been noted, however, that some ingredients of finished feeds may also be used for the production of food for human consumption.

B. REQUIREMENT FOR EXEMPTION

To give effect to the legislative intent that only livestock and poultry feeds or ingredients used in the manufacture of finished feeds are exempted from VAT, it is hereby clarified that the sale or importation of ingredients which may also be used for the production of food for human consumption shall be subject to VAT. Thus, for the sale or importation of livestock and poultry feeds or ingredients used in the manufacture of finished feeds to be exempt from VAT, *there must be a showing that the same is unfit for human consumption or that the ingredient cannot be used for the production of food for human consumption as certified by the Food and Drug Administration (FDA).*

All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

D-11