REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

JAN 11 2024

REVENUE MEMORANDUM CIRCULAR NO. 7-2024

SUBJECT : *Reversion of Value-Added Tax Exemption of Transactions Specified Under Section 109 (BB) of the National Internal Revenue Code (Tax Code) of 1997, as amended*

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

This Circular is issued to inform the public and all concerned that pursuant to Section 12 of Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), as implemented by Revenue Regulations (RR) No. 4-2021, the following transactions under Section 109 (BB) of the Tax Code of 1997, as amended, shall no longer be exempt from value-added taxes (VAT) effective January 1, 2024, to wit:

Sale or importation of the following:

(i) Capital equipment, its spare parts and raw materials, necessary for the production of personal protective equipment components such as coveralls, gown, surgical cap, surgical mask, N-95 mask, scrub suits, goggles and face shield, double or surgical gloves, dedicated shoes, and shoe covers, for COVID-19 prevention; and

(ii) All drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19; and

(iii) Drugs for the treatment of COVID-19 approved by the Food and Drug Administration (FDA) for use in clinical trials, including raw materials directly necessary for the production of such drugs.

Thus, the above transactions shall now be subject to VAT starting January 1, 2024.

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

This Circular shall take effect immediately.

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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