REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

March 22, 2004

REVENUE REGULATIONS NO. 4-2004

SUBJECT : Supplementing the Rules on the Advance Payment of Value Added Tax on Sale of Refined Sugar as Provided for in Revenue Regulations 2 -2004.

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. Background. – Pursuant to the provisions of Section 6 and 244, in relation to Sections 106, 109, 110, and 111(B)(1) all of the National Internal Revenue Code of 1997 (Code), the Bureau of Internal Revenue issued and implemented on January 2, 2004 Revenue Regulations 2–2004 which among others (a) prescribed the updated policies and procedures for the advance payment of value added tax (VAT) on the sale of refined sugar, including those made by a duly registered agricultural cooperatives, and (b) redefined the term "refined sugar". Said Revenue Regulation continued the recognition that cooperatives are exempt from value added tax, and gave the cooperatives the responsibility of ensuring that the advance VAT on refined sugar is paid for by their buyer/transferee. This Revenue Regulations is being issued in response to the clamor of some cooperatives that their performance of said responsibility be suspended. Sugar mills/refineries shall instead ensure that advance VAT on all refined sugar not owned, legally or otherwise by cooperatives, have been properly paid for, and that only refined sugar owned by cooperatives are allowed to be withdrawn without the advance VAT being paid for prior to its release from the sugar mill/refinery.

SECTION 2. Requirement to Pay in Advance VAT on Sale of Refined Sugar. - Section 3 of RR 29-2002, as amended by Revenue Regulations 2-2004 is hereby amended to read as follows:

> "The advance value added tax on the sale of refined sugar provided for under Section 7 of this Regulations, shall be paid by the

owner/seller to the Bureau of Internal Revenue (BIR) through an Authorized Agent Bank (AABs) or to the Revenue Collection Officer (RCOs) or deputized City or Municipal Treasurers in places where there are no AABs before any refined sugar can be withdrawn from any sugar refinery/mill. In the event the refined sugar is owned and/or withdrawn from the mill/refinery by a duly accredited and registered agricultural cooperative of good standing and said cooperative presents the "Authorization Allowing the Release of Refined Sugar" provided in Section 6 of this regulation, RR 29-2002, the mill/refinery shall release the same but only after notifying the regional District Officer or the assigned duty officer with jurisdiction over the mill of the time and date of the release from the mill and the names and plate numbers of the carrying trucks so that the release can be given proper supervision and that advance VAT is collected from the transferee should evidence show that the refined sugar has already been sold by the cooperative."

SECTION 3. Prohibition of Withdrawal/ Transfer of Ownership. - Section 4 of RR 29-2002, as amended by RR 2-2004 is hereby further amended to read as follows:

"The proprietor or operator of a sugar mill/refinery shall not allow any withdrawal of refined sugar from its premises without the advance payment of VAT required under Section 7 of this Regulation, and submission of proof of such payment as described in Section 5 of this Regulations except when the refined sugar is owned and withdrawn by the cooperative, in which case the evidence of ownership, Authorization Allowing the Release and the Sworn Statements (Annex C) provided in this regulations are presented."

"The Revenue Regional Director, upon the recommendation of the Revenue District Officer (RDO) of the district having jurisdiction over the physical location of the sugar mill/refinery/cooperative, may direct an internal revenue officer to be present during the withdrawal of refined sugar from the premises of the sugar mill/refinery/cooperative in order to confirm and/or verify that the requirement of this Section are complied with."

SECTION 4. Retention of Other Sections of RR 29-2002 as amended by RR 2-2004

Section 2,5,6,7,8,9,10,11 and 12 of RR 29-2002 as amended by RR 2-2004 are hereby deemed incorporated en toto and made an integral of this Revenue Regulation.

SECTION 5. Effectivity. - These Regulations shall take effect after fifteen (15) days following its publication in a newspaper of general circulation in the Philippines.

(Original Signed)
JUANITA D. AMATONG
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue