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

08 APR 2021

REVENUE REGULATIONS NO. 1-2021

SUBJECT: Implementing the Tax Incentives and Fee Privileges for the Procurement, Importation, Donation, Storage, Transport, Deployment and Administration of the Coronavirus Disease 2019 (COVID-19) Vaccines Under Section 11 of Republic Act No. 11525, otherwise known as the "*COVID-19 Vaccination Program Act of 2021*".

TO : All Internal Revenue Officials and Others Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code ("NIRC") of 1997, as amended, the following Regulations are hereby promulgated to prescribe the guidelines, procedures and requirements for availing the tax exemptions and fee privileges granted under Section 11 of Republic Act (RA) No. 11525, *viz.*:

> "SEC. 11. *Exemption from Import Duties, Taxes and Other Fees for the Procurement, Deployment and Administration of COVID-19 Vaccines.* – Beginning January 1, 2021, the procurement, importation, donation, storage, transport, deployment, and administration of COVID-19 vaccines through the COVID-19 Vaccination Program by the government or any of its political subdivisions and by private entities shall be exempt from customs duties, value-added tax, excise tax, donor's tax, and other fees: *Provided*, That the vaccines shall not be intended for resale or other commercial use and shall be distributed without consideration from persons to be vaccinated." (Underscoring supplied)

SECTION 2. COVERAGE. – Beginning January 1, 2021 and during the period of the state of calamity as declared under Proclamation No. 1021 dated September 16, 2020 issued by the President of the Philippines, the (i) procurement, (ii) importation, (iii) donation, (iv) storage, (v) transport, (vi) deployment, and (vii) administration of COVID-19 vaccines through the COVID-19 Vaccination Program by:

(1) the National Government, through the Department of Health (DOH) and the National Task Force Against COVID-19 (NTF);

(2) any of the political subdivisions of the State; and

(3) private entities, and international humanitarian organizations, such as the Philippine Red Cross (PRC),

shall be exempt from valued-added tax (VAT), excise tax and donor's tax and other fees, subject to the guidelines, procedures and requirements provided hereunder.

SECTION 3. GUIDELINES AND PROCEDURES. – The following guidelines and procedures shall be followed and observed:

A. No VAT shall be imposed on the procurement of COVID-19 Vaccines by the entities mentioned in Section 2 hereof. Hence, VAT shall not be part of the contract price for the procurement of the COVID-19 Vaccines by these entities.

BUREAU OF INTERNAL REVENUE
RECEIVED
APR 08 2021
2:15 pm
RECORDS MGT. DIVISION

B. No VAT and excise tax shall be imposed on the importation of COVID-19 Vaccines by the entities mentioned in Section 2 hereof.

C. The importation of COVID-19 Vaccines as allowed herein shall not be subject to the issuance of an Authority to Release Imported Goods (ATRIG) under Revenue Memorandum Order (RMO) No. 35- 2002, as amended; and may be released-by the Bureau of Customs (BOC) without need of an ATRIG. However, the BIR may conduct a post investigation/audit on the importations released by the BOC without ATRIG pursuant to these Regulations.

D. No VAT shall be imposed by the service providers on the services to be rendered to the entities mentioned in Section 2 hereof for the storage, transport, deployment and administration of the COVID-19 Vaccines. Hence, VAT shall not be part of the contract price for the engagement/procurement of such services by these entities.

E. No donor's tax shall be imposed on the donation of the COVID-19 Vaccines to the entities mentioned in Section 2 hereof, subject to the ordinary rules of deductibility as provided for in Section 34 (H) of the NIRC of 1997, as amended, and its existing rules and regulations, if applicable.

F. The tax incentives herein shall only be applicable if the vaccines are not intended for resale or other commercial use and shall be distributed without any consideration from persons to be vaccinated.

SECTION 4. REQUIREMENTS. - For the purpose of qualifying for exemption from VAT, excise tax, and donor's tax, the entities mentioned in Section 2 hereof availing of the exemption must present the following:

A. Certified true copy of the COVID-19 vaccine procurement agreement/multiparty agreement, as may be applicable. The multi-party agreement on the procurement by the Local Government Units (LGUs) and private entities shall include the DOH and the relevant supplier of the COVID-19 vaccine;

B. Certified true copy of the COVID-19 vaccine's Certificate of Product Registration or Emergency Use Authorization (EUA) issued by the Food and Drug Administration (FDA);

C. "Sworn Declaration" from the taxpayer-buyer/importer/donee that the COVID-19 vaccines shall not be intended for resale or other commercial use and shall be distributed without consideration from persons to be vaccinated, in accordance with the COVID-19 Vaccination Program of the National Government. For private entities, a statement shall be included that any such vaccines shall be for the sole and exclusive use of such entities and their related parties, if any, as discussed under Section 4 of Revenue Regulations No. 19-2020; and,

D. For COVID-19 vaccines donated to the entities mentioned in Section 2 hereof, in addition to the foregoing requirements, the following shall be presented:

   (i) for the National Government and LGUs, a certified true copy of the duly accepted Deed of Donation; and

   (ii) for private entities and international humanitarian organizations, a certified true copy of the duly accepted Deed of Donation and/or BIR Form 2322 (Certificate of Donation).

BUREAU OF INTERNAL REVENUE
RECEIVED
APR 08 2021
2:15 pm

SECTION 5. TRANSITORY PROVISIONS. - The grant of exemption for the importation of COVID-19 vaccines, engagement of services for the storage, transport, deployment and administration, as well as the donation of the COVID-19 vaccines is deemed to be in effect beginning January 1, 2021. The value-added tax on all covered and qualified shipments/importations/services that may have been paid from January 1, 2021 until the effectivity of these regulations, shall be refunded pursuant to Section 204(C) of the Tax Code in accordance with existing rules and procedures for refund of value-added tax on importation/services, provided that the input tax on the imported items/services have not been reported and claimed as input tax credit in the monthly and/or quarterly value-added tax returns. The same shall not be allowed as input tax credit pursuant to Section 110 of the Tax Code for purposes of computing the value-added tax payable of the concerned taxpayer/s for the said period.

Similarly, Excise Tax and Donor's Tax on all covered and qualified transactions that may have been paid from January 1, 2021 until the effectivity of these Regulations, shall be refunded pursuant to Section 204(C) of the Tax Code and its implementing rules and regulations.

SECTION 6. REPEALING CLAUSE. — All existing rules and regulations or parts thereof, which are inconsistent with the provisions of these regulations, are hereby revoked.

SECTION 7. SEPARABILITY CLAUSE. - If any clause, sentence, provision or sections of these Regulations shall be held invalid or unconstitutional, the remaining parts thereof shall not be affected thereby.

SECTION 8. EFFECTIVITY. —These Regulations shall take effect beginning January 1, 2021 and shall remain in full force and effect during the period of the state of calamity under Proclamation No. 1021 dated September 16, 2020 issued by the President of the Philippines.

CARLOS G. DOMINGUEZ III
Secretary of Finance

MAR 29 2021

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

041537

BUREAU OF INTERNAL REVENUE
RECEIVED
APR 08 2021
2:15 pm
RECORDS MGT. DIVISION