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

OCT 2 9 2021

REVENUE REGULATIONS NO. 19-2021

SUBJECT : Implementing the Tax Incentive and Exemption Provisions of Republic Act (RA) No. 11321 otherwise known as "An Act Instituting the Farmers and Fisherfolk Enterprise Development Program of the Department of Agriculture" also known as the "Sagip Saka Act"

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. - Pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), in relation to Section 13 of Republic Act (RA) No. 11321, the following Regulations are hereby promulgated to implement the tax incentive and exemption provisions of RA No. 11321 also known as the "Sagip Saka Act".

SECTION 2. Coverage. - These regulations cover the exemption from donor's tax of donations made to and exemption from income tax of *Accredited Farmers and Fisherfolk Enterprise* engaged in agriculture and fishery-related economic activities, including, among others, producer groups, fisherfolk organizations/cooperatives/groups, cluster of growers or fishers and other similar enterpriseswhose products are included in the priority commodity value chains, have potential to increase their marketable surplus, and either operational and/or willing to undergo capacity building on enterprise development and management.

SECTION 3. Exemption from Income Tax. - All *Accredited Farmers and Fisherfolk Enterprise* may be exempt from income tax on income directly arising from the operations of the enterprise provided they are registered as Barangay Micro-BusinessEnterprise (BMBE). The exemption from income tax shall apply only if, and during the period which, the accredited farmers and fisherfolk enterprise are registered as BMBE issued with Certificate of Authority by the Department of Trade and Industry, through the Negosyo Center in the city or municipality where the business is located.

a) For the cooperative and enterprise to avail of the income tax exemption stated herein, the following criteria must be present:

   1) The accredited business entity or enterprise must be among the intended beneficiaries as enumerated under Section 5 of the Implementing Rules and Regulations of RA No. 11321;

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2) Have a total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00), subject to revision of the appropriate government agency or council.

SECTION 4. Donations to Accredited Farmers and Fisherfolk Enterprise. - Donations of real and personal property/ies to an accredited farmers and fisherfolk enterprise, notwithstanding the provisions of any general or special law to the contrary, shall be exempt from donor's tax subject to the following conditions:

a) The donee is an accredited farmers and fisherfolk enterprise as certified by the Department of Agriculture.

b) The donee is among the proponent groups or beneficiaries of "The Farmers and Fisherfolk Enterprise Development Program", as certified by the Department of Agriculture - Regional Sagip Saka-Program Management Committee (SS-PMC).

c) The donation is made for the accomplishment of the Farmers and Fisherfolk Enterprise Development Program, consistent with its objectives to develop enterprises for farmers and fisherfolk towards a sustainable modern agriculture and food security.

d) The application for exemption from donor's tax shall comply with the guidelines in the processing of requests for rulings set forth in Revenue Memorandum Order (RMO) No. 9-2014 and shall be filed with the Law and Legislative Division, Room 709, 7th Floor, Bureau of Internal Revenue (BIR) National Office, Diliman, Quezon City, together with the following documentary requirements:

1) Original/certified true copy of the Certification from the Department of Agriculture that the donee is an accredited farmerand fisherfolk enterprise;

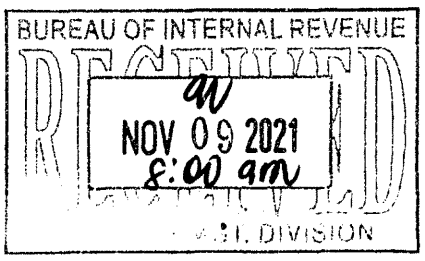
2) Original/certified true copy of the Certification from the Department of Agriculture - Regional Sagip Saka-Program Management Committee (SS-PMC) that the donee is among the proponent groups or beneficiaries of "The Farmers and Fisherfolk Enterprise Development Program";

3) Tax Identification Number (TIN) of donor and donee;

4) Original/certified true copy of the duly-notarized Deed of Donation;

5) Original/certified true copy of the title and tax declaration if the donation consists of real property and/or Certified true copy of proof of receipt of donation of personal property;

Donations made pursuant to this Section may only be deductible from the gross income of the donor upon compliance of the ordinary rules of deductibility as provided for in Section 34 (H) of the Tax Code, as amended, and its existing rules and regulations.



SECTION 5. Repealing Clause. - All revenue rules and regulations, and other revenue issuances or parts thereof, which are inconsistent with these Regulations are herebyrepealed or modified accordingly.

SECTION 6. Effectivity. - These Regulations shall take effect immediately.

CARLOS G. DOMINGUEZ
Secretary of Finance

OCT 29 2021

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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