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

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REVENUE REGULATIONS NO. 28-2020

SUBJECT : Implementing the Tax Exemption Provisions Under Section 4 (cc) and Section 18 of Republic Act (RA) No. 11494, otherwise known as the "Bayanihan to Recover as One Act" on the Incentives for the Manufacture or Importation of Certain Equipment, Supplies or Goods

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. Scope and Objective. – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), these Regulations are hereby promulgated to implement Sections 4 (cc) and 18 of RA No. 11494, otherwise known as the "Bayanihan to Recover as One Act", to wit:

> "(cc) Liberalization of the grant of incentives for the manufacture or importation of critical or needed equipment or supplies or essential goods for the carrying-out of the policy declared herein, including health care equipment and supplies: Provided, That the exemption from import duties, taxes and other fees for manufacture or importation of critical equipment or essential goods shall be determined by the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR), respectively: Provided, further, That limitations and restrictions to the sale, distribution, and trade of the foregoing goods, equipment or supplies may be imposed to prevent shortage of supply and to ensure that the prices thereof remain reasonable, giving priority and preference to the needs and safety of workers and frontliners, violations of which shall be punishable under Section 16 of Republic Act No. 7581 or the "Price Act", as amended. For this purpose, critical products, equipment or supplies or essential goods shall include the following: (1) goods referred to in Section 4(u)(1) hereof related to the containment or mitigation of COVID-19; (2) equipment for waste management, including, but not limited to, waste segregation, storage, collection, sorting, treatment and disposal services: Provided, furthermore, That these said equipment and technologies and services are approved by the Department of Environment and Natural Resources (DENR), DOH or other concerned regulatory agencies; (3) inputs, raw materials and equipment necessary for the manufacture or production of essential goods referred to in Section 4(u)(1) hereof related to the containment or mitigation of COVID-19: Provided, furthermore, That for the purpose of qualifying for exemption from import duties, taxes, and other fees and ensuring supply of PPE at competitive prices, DTI shall certify that the equipment and supplies being imported are not locally available or of insufficient quality and preference: Provided, finally, That

preference is given to products, materials and supplies produced, made or manufactured in the Philippines;

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SECTION 18. Effectivity. – Except as otherwise specifically provided herein, this Act shall be in full force and effect until the next adjournment of the Eighteenth Congress on December 19, 2020. This Act shall take effect immediately upon its publication in a newspaper of general circulation or in the Official Gazette: Provided, That Section 4(cc) of this Act shall be deemed to be in effect since Republic Act No. 11469 expired." (underscoring supplied)

SECTION 2. Coverage – Based on the law, it is hereby declared that:

A. The importation from June 25, 2020 to December 19, 2020 of the goods enumerated below and identified as critical products, essential goods, equipment or supplies needed to contain and mitigate COVID-19, subject to the limitations and restrictions hereunder, shall be exempt from value-added tax, excise tax and other fees:

   1. Goods which may include personal protective equipment (PPE) such as gloves, gowns, masks, goggles, and face shields; surgical equipment and supplies; laboratory equipment and its reagents; medical equipment and devices; support and maintenance for laboratory and medical equipment, surgical equipment and supplies; medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine, common medicines (e.g., paracetamol tablet and suspension, mefenamic acid, vitamins tablet and suspension, hyoscine tablet and suspension, oral rehydration solution, and cetirizine tablet and suspension); testing kits, and such other supplies or equipment as determined by the Department of Health (DOH) and Department of Trade and Industry (DTI).

   2. Equipment for waste management, including, but not limited to, waste segregation, storage, collection, sorting, treatment and disposal services as approved by the Department of Environment and Natural Resources (DENR), DOH or other concerned regulatory agencies.

   3. Inputs, raw materials and equipment necessary for the manufacture or production of essential goods related to the containment or mitigation of COVID-19 enumerated in Section 2 (A)(1) of these Regulations.

B. For the purpose of qualifying for exemption from import duties, taxes, and other fees and ensuring supply of PPE at competitive prices, the taxpayer availing of the exemption must present a certification from the Department of Trade and Industry (DTI) that the equipment and supplies being imported are not locally available or of insufficient quality and preference.

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C. The importation hereof shall not be subject to the issuance of 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 ATRIG. The BIR may, however, conduct post investigation/audit on the importations released by the BOC without ATRIG pursuant to these Regulations.

D. Donations of these imported articles to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the Government are exempt from donor's tax and subject to the ordinary rules of deductibility under existing rules and issuances.

E. The grant of exemption for the importation of goods enumerated above is deemed to be in effect beginning June 25, 2020, following the lapse of RA No. 11469. The value-added tax on all covered and qualified shipments/importations that may have been paid from June 25, 2020 up to September 14, 2020 shall be refunded pursuant to Section 204(C) of the Tax Code in accordance with the existing procedures for refund of value-added tax on importation, provided that the input tax on the imported items 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.

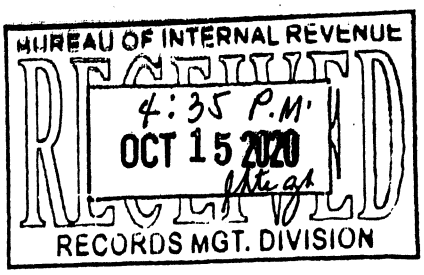
F. Inputs, raw materials and equipment necessary for the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19 referred to in Section 2 (A) (1) of these Regulations, as determined by Food and Drug Administration – Department of Health (FDA-DOH), whether locally sourced or imported by the registered manufacturer, shall be exempt from value-added tax.

   For the purpose of availing the exemption, supplier/s of inputs, raw materials and equipment shall submit the following:

   i. Certified true copy of "License to Operate", issued to the manufacturer-buyer by the FDA-DOH, authorizing the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19; and

   ii. "Sworn Declaration" from the manufacturer-buyer that the item/s shall be used for the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19.

SECTION 3. Sale subject to Value-Added Tax. – The sale of finished goods / products under Section 2 (A) (1) of these Regulations, whether locally manufactured or imported, is subject to value-added tax. The sale of inputs, raw materials and equipment referred to in Section 2 (F) of these Regulations to a non-holder of "License to Operate" issued by the FDA-DOH is likewise subject to value-added tax.



SECTION 4. Repealing Clause. – All existing rules and regulations, issuances or parts thereof, which are inconsistent with the provisions of these Regulations are hereby amended or modified accordingly.

SECTION 5. 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 6. Effectivity. – These Regulations shall take effect immediately and shall be in full force and effect until December 19, 2020.

CARLOS G. DOMINGUEZ
Secretary of Finance

OCT 0 8 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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