

BUREAU OF INTERNAL REVENUE

REVENUE REGULATIONS

No. 9-2021

Implementation of the Imposition of 12% VAT on Transactions Covered under 1997 NIRC, as amended by RA No. 10963 or the TRAIN Law

Vat Treatment of Zero-Rated Sales under RR No. 9-2021

Under TRAIN Law, zero-rated sales shall be subject to the 12% VAT upon satisfaction of the following conditions:

- The successful establishment and implementation of an enhanced VAT refund system that grants refund within 90 from the filing of application.

To determine the effectivity, all applications filed from January 1, 2018 are processed and decided within 90 days from the filing of claim.

- All pending VAT claims as of December 31, 2017 shall be fully paid in cash by December 31, 2019.

The DOF shall establish a VAT refund center in the BIR and in the BOC that will handle the processing and granting of cash refunds of creditable input tax.

Note: Per RR 9-2021, the above conditions have been fully satisfied.

Thus, the corresponding sales of goods under Section 106(A)(2) are treated as follows:

Sales of Goods	RR No. 9-2021
(a) Export sales:	
(1) Sale and actual shipment of goods from the Philippines to a foreign country	Zero-rated (No effect)
(2) Sale of raw materials or packaging materials to a non-resident buyer for delivery to local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the buyer's goods	12% VAT
(3) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed 70% of total annual production	12% VAT

Sales of Goods	RR No. 9-2021
(a) Export sales:	
(4) Sale of gold to Bangko Sentral ng Pilipinas	
(5) Those considered export sales under EO 226, and other special laws	12% VAT
(6) Sale of goods, supplies, equipment and fuel to persons engaged in international shipping or int'l air transport operations	Zero-rated (No effect)
(b) Foreign currency denominated sale	
(c) Sale to persons or entities whose exemption under special laws or int'l agreements to which the Philippines is a signatory effectively subjects such sales to zero-rate	Zero-rated (No effect)

On the other hand, the corresponding sales of services under Section 108(B) are treated as follows:

Sales of Services	RR No. 9-2021
1. Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported	12% VAT
2. Services other than processing, manufacturing or repacking rendered to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed	Zero-rated (No effect)
3. Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to 0% rate	Zero-rated (No effect)
4. Services rendered to persons engaged in international shipping or air transport operations, including leases of property for use thereof	Zero-rated (No effect)
5. Services rendered to persons by subcontractors and/or contractors in processing, converting or manufacturing goods for an enterprise whose export sales exceed 70% of total annual production	12% VAT

Sales of Services	RR No. 9-2021
6. Transport of passengers and cargo by (domestic) air or sea vessels from the Philippines to a foreign country	Zero-rated (No effect)
7. Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal and steam, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels	Zero-rated (No effect)

Source:

Revenue Regulation No. 9-2021