

**[PPA MEMORANDUM CIRCULAR NO. 08-2004,
February 27, 2004]**

**REVISED IMPLEMENTING GUIDELINES OF THE VALUE ADDED
TAX LAW, TITLE IV OF REPUBLIC ACT NO. 8424**

1. Authority

- 1.1 Executive Order No. 273 which took effect on January 1, 1988
- 1.2 Republic Act No. 7716 which took effect on January 1, 1996
- 1.3 Republic Act No. 8241 which took effect on January 1, 1997
- 1.4 Republic Act No. 8424, the National Internal Revenue Code (Title IV)
- 1.5 Revenue Regulations No. 7-95
- 1.6 Revenue Memorandum Circular No. 3-96
- 1.7 Revenue Memorandum Circular No. 8-99
- 1.8 Revenue Regulations No. 8-2002
- 1.9 Revenue Memorandum Circular No. 2-2004

2. Guidelines

2.1 As provided in the above-stated laws, 10% VAT shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, importation of goods and sale or exchange of services including the use or lease of properties.

2.2 The VAT law likewise provided that VAT is an indirect tax which can be legally shifted or passed on to the buyer, transferee or lessee of the goods, properties or services.

2.3 On the same principle, the shifting of VAT by the cargo handling operators/port operators to cargo owners/clients/port users is also proper.

2.4 Pursuant to Revenue Memorandum Circular No. 2-2004 issued by the Bureau of Internal Revenue, all gross sales/receipts of the Authority are subject to 10% VAT.

2.5 Charges against the vessels engaged exclusively in international shipping, however, shall be subject to 0% VAT or Zero-Rated VAT pursuant to Section 108B (4) of Republic Act No. 8424.

2.6 The port tariff and all port charges, fees and dues presently imposed by the Authority are exclusive of VAT, hence, in the collection of charges,