

**[ BIR REVENUE REGULATIONS NO. 29-2003,  
October 30, 2003 ]**

**ADVANCE PAYMENT OF VAT ON THE SALE OF FLOUR**

**SECTION 1. SCOPE.-** In accordance with the provisions of Sections 6, 244 and 245, in relation to Sections 106, 107, 109 and 110, of the National Internal Revenue Code of 1997, as amended, these Regulations are hereby promulgated to prescribe the policies and procedures for the advance payment of value-added tax (VAT) on the sale of flour which is milled from imported wheat.

**SEC. 2. POLICY STATEMENT.-** These Regulations aim to level the playing field among players in the flour-milling industry and to encourage proper declaration and payment of taxes which will result in improved efficiency in tax administration.

**SEC. 3. REQUIREMENT TO PAY IN ADVANCE VAT ON SALE OF FLOUR AND TIME OF PAYMENT OF ADVANCE VAT. -** The VAT on the sale of flour milled from imported wheat shall be paid in advance by the flour miller.

Inasmuch as wheat is the principal raw material in the milling of flour, and wheat is entirely imported, the point of payment of the advance VAT on sale of flour is established at the time of importation of the wheat by the flour miller so as to effectively ensure the payment of VAT on flour which shall subsequently be milled from this imported wheat. Thus the advance VAT on flour shall be paid prior to the release from the Bureau of Custom's custody of the wheat which is imported and declared for flour milling.

Purchases by flour millers of imported wheat from traders shall also be subjected to advance VAT and shall be paid by the flour miller prior to its delivery.

**SEC. 4. PROHIBITION OF WITHDRAWAL OF SHIPMENT BEFORE PAYMENT OF ADVANCE VAT. -** Unless and until prior and full payment of the advance VAT has been made by the flour miller at time of importation of wheat , as evidenced by the Authority to Release Imported Goods (ATRIG) issued by the BIR and the submission of the Payment Form evidencing the payment of the advance VAT, any withdrawal in any manner or form, in full or partially, of imported wheat to be used in the milling of flour, from customs custody shall not be allowed.

Importation of wheat by any trader shall still be exempt from the payment of VAT. However, in order to monitor all importation of wheat regardless of its intended use, the importer, whether miller or trader, shall be required to secure ATRIG from the BIR.

The Bureau of Customs will require the submission of the ATRIG by the importer before releasing the imported wheat from its custody.