

**[ PPA MEMORANDUM CIRCULAR NO. 22-95, April 28, 1995 ]**

**CLARIFICATORY GUIDELINES OF PPA MC NO. 13-88 REGARDING EXECUTIVE ORDER NO. 273, THE VALUE ADDED TAX LAW**

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Authority

- 1.1 Executive Order No. 273, the Value Added Tax Law
- 1.2 PPA Memorandum Circular No. 13, Series of 1988
- 1.3 Revenue Regulations No. 5-87
- 1.4 Revenue Memorandum Circular No. 20-88
- 1.5 Memorandum Circular No. 09-88
- 1.6 Revenue Regulations No. 05-93

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Purpose

To clarify supplement the provision of PPA Memorandum Circular No. 13, series of 1998 dated 21 April 1998 entitled "Implementing Guidelines on the Applicability of the Value Added Tax (VAT) insofar as the Philippine Ports Authority is concerned".

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Guidelines

3.1 Nature of Value Added Tax

3.1.1 Value Added Tax (VAT) is an indirect tax which can be legally shifted or passed on to the buyer of goods and services.

3.1.2 All Port charges, fees and dues of this Authority are exclusive of VAT, hence, in the collection of charges subject to Value Added Tax, 10% VAT shall be added thereto.

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

### 3.2 VAT Exempt PPA Charges Per E.O. 273

3.2.1 Fees and charges which arise from the use of government facilities are exempt from VAT (RMC No. 20-88), viz:

3.2.1.1 Harbor /Port dues

3.2.1.2 Berthing/Anchorage/Dockage Fees

3.2.1.3 Usage Fees

3.2.1.4 Wharfage Dues

3.2.1.5 Storage Fees

3.2.1.6 Lay-up Fees

3.2.2 Zero-rated (in effect VAT exempt) PPA charges per Section 102 E.O. 273 and RMC No. 09-88.

All charges against the vessels of foreign shipping companies paid thru the members of the Association of International Shipping Lines, Inc. (AISL).

3.2.3 Other VAT EXEMPT PPA Charges per Sec. 103 E.O. 273.

3.2.3.1 Rental/Lease charges on real properties

3.2.3.2 Harbor Pilot's fees

3.2.3.3 Administrative Fines

3.2.3.4 Water Supply Services charges

3.2.3.5 Electrical Consumption charges

3.2.3.6 Fees and charges to passengers, consignees, shippers and the general public pertaining to board and lodging, food transportation, parking/garage.

3.3 PPA Charges Subject to VAT per E.O. 273

3.3.1 Government Share on the Income of Cargo Handling Operators from cargo handling charges.

3.3.1.1 Fixed fees and/or variable fees

3.3.1.2 Revised fixed fees

3.3.1.3 Percentage government share

3.3.2 Rental/lease charges on the dredgers, cargo handling equipment and other movable properties.

### 3.3.3 Non-Traditional Fees and Charges

#### 3.3.3.1 Port related ancillary services

##### 3.3.3.1.1 Services on cargoes

3.3.3.1.1.1 cargo checking

3.3.3.1.1.2 cargo surveying

3.3.3.1.1.3 equipment/appliance hire

3.3.3.1.1.4 security services

3.3.3.1.1.5 special cargo storage services

3.3.3.1.1.6 warehousing

3.3.3.1.1.7 weighbridge/truck scale

##### 3.3.3.1.2 Services on Vessels

3.3.3.1.2.1 bunkering

3.3.3.1.2.2 docking

3.3.3.1.2.3 mooring

3.3.3.1.2.4 towing/tugging

3.3.3.1.2.5 vessel maintenance/repair services

##### 3.3.3.1.3 Service on passengers, consignees, shippers and the general public

3.3.3.1.3.1 passenger terminal services

3.3.3.1.3.2 porterage services

#### 3.3.3.2 Terminal ancillary services

##### 3.3.3.2.1 Services on cargoes

3.3.3.2.1.1 container repair

##### 3.3.3.2.2 Services on vessels

3.3.3.2.2.1 chandling

3.3.3.2.2.2. cleaning services