

REVENUE MEMORANDUM CIRCULAR NO. 7-2024 issued on January 11, 2024 informs taxpayers of the reversion of the Value-Added Tax (VAT) exemption of transactions specified under Section 109 (BB) of the Tax Code of 1997, as amended.

Pursuant to Section 12 of Republic Act No. 11534, (CREATE Act), as implemented by Revenue Regulations No. 4-2021, the following transactions under Section 109 (BB) of the Tax Code of 1997, as amended, shall no longer be exempt from VAT effective January 1, 2024, to wit:

Sale or importation of the following:

- a. Capital equipment, its spare parts and raw materials, necessary for the production of personal protective equipment components such as coveralls, gown, surgical cap, surgical mask, N-95 mask, scrub suits, goggles and face shield, double or surgical gloves, dedicated shoes, and shoe covers, for COVID-19 prevention;
- b. All drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19; and
- c. Drugs for the treatment of COVID-19 approved by the Food and Drug Administration (FDA) for use in clinical trials, including raw materials directly necessary for the production of such drugs.

The said transactions shall now be subject to VAT starting January 1, 2024.