

**REVENUE REGULATIONS NO. 28-2020** issued on October 15, 2020 implements the tax exemption provisions under Section 4 (cc) and Section 18 of Republic Act (RA) No. 11494 (Bayanihan to Recover as One Act) on the incentives for the manufacture or importation of certain equipment, supplies or goods.

The importation from June 25, 2020 to December 19, 2020 of the goods enumerated in the Regulations and identified as critical products, essential goods, equipment or supplies needed to contain and mitigate COVID-19, subject to the limitations and restrictions specified in the Regulations, shall be exempted from Value-Added Tax (VAT), Excise Tax and other fees.

For the purpose of qualifying for exemption from import duties, taxes and other fees and ensuring supply of PPE at competitive prices, the taxpayer availing of the exemption must present a certification from the Department of Trade and Industry that the equipment and supplies being imported are not locally available or of insufficient quality and preference.

The importation hereof shall not be subject to the issuance of Authority to Release Imported Goods (ATRIG) under Revenue Memorandum Order (RMO) No. 35-2002, as amended, and may be released by the Bureau of Customs without need of ATRIG. The BIR may, however, conduct post investigation/audit on the importations released by the BOC without ATRIG pursuant to the Regulations.

Donations of said imported articles to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit or to any political subdivision of the government are exempt from Donor's Tax and subject to the ordinary rules of deductibility under existing rules and issuances.

The grant of exemption for the importation of goods enumerated in the Regulations is deemed to be in effect beginning June 25, 2020, following the lapse of RA No. 11469. The VAT on all covered and qualified shipments/ importations that may have been paid from June 25, 2020 up to September 14, 2020 shall be refunded pursuant to Section 204(C) of the Tax Code, in accordance with the existing procedures for refund of VAT on importation, provided that the input tax on the imported items have not been reported and claimed as input tax credit in the monthly and/or quarterly VAT returns. The same shall not be allowed as input tax credit pursuant to Section 110 of the Tax Code for purposes of computing the VAT payable of the concerned taxpayer/s for the said period.

Inputs, raw materials and equipment necessary for the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19 referred to in Section 2 (A)(1) of the Regulations, as determined by Food and Drug Administration — Department of Health (FDA-DOH), whether locally sourced or imported by the registered manufacturer, shall be exempt from VAT.

For purposes of availing the exemption, supplier/s of inputs, raw materials and equipment shall submit the following:

- a. Certified true copy of "License to Operate", issued to the manufacturer-buyer by the FDA-DOH, authorizing the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19; and
- b. "Sworn Declaration" from the manufacturer-buyer that the item/s shall be used for the manufacture of essential goods of medical grade related to containment and mitigation of COVID- 19.

The sale of finished goods/products under Section 2 (A)(1) of the Regulations, whether locally-manufactured or imported, is subject to VAT. The sale of inputs, raw materials and equipment referred to in Section 2 (F) of the Regulations to a non-holder of "License to Operate" issued by the FDA-DOH is likewise subject to VAT.

The Regulations shall take effect immediately and shall be in full force and effect until December 19, 2020.