

REVENUE REGULATIONS NO. 1-2021 issued on April 8, 2021 implements the tax incentives and fee privileges for the procurement, importation, donation, storage, transport, deployment and administration of the COVID-19 vaccines under Section 11 of Republic Act No. 11525 (COVID-19 Vaccination Program Act of 2021).

Beginning January 1, 2021 and during the period of the state of calamity as declared under Proclamation No. 1021 issued by the President of the Philippines, the procurement, importation, donation, storage, transport, deployment, and administration of COVID-19 vaccines through the COVID-19 Vaccination Program by i) the National Government (through the Department of Health [DOH] and the National Task Force Against COVID-19); ii) any of the political subdivisions of the State; and iii) private entities and international humanitarian organizations (such as the Philippine Red Cross) shall be exempt from the Value-Added Tax (VAT), Excise Tax and Donor's Tax and other fees, subject to the guidelines, procedures and requirements provided under this Regulations.

No VAT shall be imposed on the procurement of COVID-19 vaccines by the abovementioned entities. Hence, VAT shall not be part of the contract price for the procurement of the COVID-19 vaccines by these entities. No VAT and Excise Tax shall also be imposed on the importation of COVID-19 vaccines by the abovementioned entities.

The importation of COVID-19 vaccines, as allowed in this Regulations, shall not be subject to the issuance of an Authority to Release Imported Goods (ATRIG) under Revenue Memorandum Order No. 35-2002, as amended; and may be released by the Bureau of Customs (BOC) without need of an ATRIG. However, the BIR may conduct a post investigation/audit on the importations released by the BOC without ATRIG pursuant to this Regulations.

No VAT shall be imposed by the service providers on the services to be rendered to the abovementioned entities for the storage, transport, deployment and administration of the COVID-19 vaccines. Hence, VAT shall not be part of the contract price for the engagement/procurement of such services by the said entities.

No Donor's Tax shall be imposed on the donation of the COVID-19 vaccines to the abovementioned entities, subject to the ordinary rules of deductibility as provided for in Section 34 (H) of the National Internal Revenue Code (NIRC) of 1997, as amended, and its existing rules and regulations, if applicable. The tax incentives shall only be applicable if the vaccines are not intended for resale or other commercial use and shall be distributed without any consideration from persons to be vaccinated.

For the purpose of qualifying for exemption from VAT, Excise Tax and Donor's Tax, the abovementioned entities availing of the exemption must present the following:

- a. Certified true copy of the COVID-19 vaccine procurement agreement/multi-party agreement, as may be applicable. The multi-party agreement on the procurement by the Local Government Units (LGUs) and private entities shall include the DOH and the relevant supplier of the COVID-19 vaccine;
- b. Certified true copy of the COVID-19 vaccine's Certificate of Product Registration or Emergency Use Authorization (EUA) issued by the Food and Drug Administration (FDA);
- c. "Sworn Declaration" from the taxpayer-buyer/importer/donee that the COVID-19 vaccines shall not be intended for resale or other commercial

use and shall be distributed without consideration from persons to be vaccinated, in accordance with the COVID-19 Vaccination Program of the National Government. For private entities, a statement shall be included that any such vaccines shall be for the sole and exclusive use of such entities and their related parties, if any, as discussed under Section 4 of Revenue Regulations No. 19-2020; and,

- d. In addition to the foregoing requirements, the following shall be presented for COVID-19 vaccines donated to the abovementioned entities:
 - i. For the National Government and LGUs - a certified true copy of the duly accepted Deed of Donations; and
 - ii. For private entities and international humanitarian organizations - a certified true copy of the duly accepted Deed of Donation and/or BIR Form No. 2322 (Certificate of Donation).

The grant of exemption for the importation of COVID-19 vaccines, engagement of services for the storage, transport, deployment and administration, as well as the donation of the COVID-19 vaccines is deemed to be in effect beginning January 1, 2021. The VAT on all covered and qualified shipments/importations/services that may have been paid from January 1, 2021 until the effectivity of these regulations shall be refunded pursuant to Section 204(C) of the Tax Code in accordance with existing rules and procedures for refund of VAT on importation/services, provided that the input tax on the imported items/services 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.

Similarly, Excise Tax and Donor's Tax on all covered and qualified transactions that may have been paid from January 1, 2021 until the effectivity of this Regulations, shall be refunded pursuant to Section 204(C) of the Tax Code and its implementing rules and regulations.

This Regulations shall take effect beginning January 1, 2021 and shall remain in full force and effect during the period of the state of calamity under Proclamation No. 1021 dated September 16, 2020 issued by the President of the Philippines.