

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

July 31, 2002

**REVENUE REGULATIONS NO. 13-2002**

**SUBJECT** : Amending Further the Revenue Regulations No. 9-90, Which Implements the Tax Subsidy Granted to the Armed Forces of the Philippines Commissary and Exchange Service (AFPCES)

**TO** : All Internal Revenue Officers and Others Concerned

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**SECTION 1. Scope.** - To implement the Fiscal Incentives Review Board (FIRB) Resolution No. 1-02 insofar as the subsidy of ₱ 87,839,700.00 granted to AFPCES is concerned, the following rules and regulations, governing their purchases of articles or commodities from local manufacturers, producers or suppliers subject to excise tax and value-added tax and the sales thereof to persons entitled to commissary privileges, are hereby promulgated.

**SECTION 2. Coverage/Limitations.** – The privileges granted herein shall apply to the transactions involving goods or products subject to Excise and/or Value-Added Taxes, except automobiles, aircraft, watercraft, perfumes, jewelries, precious stones and such other exciseable articles not mentioned hereunder:

A. Value-Added Tax (VAT) under Title IV of the 1997 NIRC

1. All goods purchased from VAT-registered manufacturers, producers or suppliers subject to the above exceptions
2. Net VAT payable of AFPCES arising from sales of goods

B. Excise Tax under Title VI of the 1997 NIRC

1. Alcohol Beverages/Distilled Spirits
  - a. Compounded Liquors
  - b. Wines
  - c. Fermented Liquor/Beer
2. Petroleum Products

**I. General Guidelines:**

**SECTION 3.** The AFPCES shall be the only unit of the Armed Forces of the Philippines which is authorized to purchase articles or commodities from local manufacturers, producers, or

suppliers for sale to persons entitled to commissary privileges. The corresponding taxes and duties on the goods purchased or delivered shall be paid through an approved subsidy chargeable against Section 13 of Republic Act No. 9162 otherwise known as the 2002 General Appropriations Act.

**SECTION 4.** No purchase order for articles or commodities originating from the AFPCEs shall be honored nor filled by any manufacturer, producer or supplier unless the same is approved by the authorized official of the AFPCEs indicated therein. The identity of the approving official together with the specimens of his signature shall be furnished to the Commissioner of Internal Revenue or his authorized officials.

**SECTION 5.** The AFPCEs shall submit to the Commissioner of Internal Revenue through the Revenue District Office having jurisdiction over the AFPCEs' principal office a quarterly report of sales of articles/products to its members and purchases. The report shall include the name of the manufacturers, producers or suppliers, indicating the 1) corresponding sales invoice issued by the said manufacturer, producers or supplier, 2) the purchase order number issued by AFPCEs and 3) the delivery receipts issued by the manufacturer, producer or supplier.

**SECTION 6.** The manufacturers, producers or suppliers referred to herein, as well as the AFPCEs shall each have a registry book, duly registered with the Bureau of Internal Revenue. All sales made to AFPCEs by the manufacturers, producers or suppliers shall likewise be entered in the said registry book not later than the day immediately following the date of the transaction. The books of the manufacturer, purchaser or supplier and AFPCEs shall be kept and maintained like any ordinary accounting record and shall be opened for inspection at any time during office hours by any duly authorized internal revenue officer.

**SECTION 7.** AFPCEs shall file an application with the Department of Budget and Management (DBM) for availment of entitlement to subsidy for the payment of Excise Tax and/or Value-Added Tax (VAT) on purchases and subsequent sale of goods. Upon approval of the application, DBM shall issue a Special Allotment Release Order (SARO) in favor of the Bureau of Treasury (BTR) to cover payment of the aforesaid taxes payable to BIR furnishing the RDO a copy thereof. Upon receipt of the BTR journal voucher, the Revenue Accounting Division (RAD) shall record the corresponding revenue collection.

**SECTION 8.** For purposes of recording and monitoring, the RAD shall submit a monthly report to the BTR, indicating therein all Tax Compliance Certificates (TCCs) issued to the AFPCEs.

## **II. Procedural Guidelines:**

### **A. On Items Subject to Value-Added Tax (VAT)**

**SECTION 9.** AFPCEs shall apply for TCC representing payment of value-added tax on purchases and subsequent sales of goods with the Commissioner of Internal Revenue through the Revenue District Office (RDO) covering the AFPCEs head office. For VAT purposes, AFPCEs shall attach to the application a copy of the purchase order and two (2) copies of the suppliers'

invoice/official receipt covering the transaction. The application for the issuance of a TCC shall be signed by the authorized official of the AFPCES.

**SECTION 10.** Upon the determination that the application is complete and in order, the Commissioner, through the RDO, shall issue the TCC to the effect that taxes for the said purchase have been paid. This certificate shall be made in four (4) copies to be distributed as follows:

Original	-	AFPCES
Duplicate	-	Seller of the Goods
Triplicate	-	Revenue Accounting Division
Quadruplicate	-	File copy – RDO

**SECTION 11.** Before the approval of the TCC, each and every avilment of the subsidy shall be properly recorded by the RDO in order to determine and update the balance of the released allotment.

**SECTION 12.** Based on the TCCs issued and compiled at the end of each month, the RAD shall submit to the Bureau of Treasury a Summary Report of TCCs issued.

**SECTION 13.** The sales covered by the avilment of subsidy shall be reported by the manufacturer, producer or supplier in his VAT return as taxable sales. The issued duplicate copy of the TCC shall be used by the manufacturer, producer or supplier to represent payment of his VAT liability. For this purpose, the original duplicate copy of the certificate shall be attached in his VAT return.

**SECTION 14.** In filing his/its Quarterly Value-Added Tax Return, the manufacturer, producer or supplier shall include the sales made to AFPCES in his/its total gross sales subject to value-added tax.

## **B. On Articles Subject to Excise Tax**

**SECTION 15.** For goods subject to excise tax, AFPCES shall prepare purchase order(s) indicating therein the tax base, the amount of excise tax due and the total amount. The purchase order shall be coursed through the concerned Revenue District Office for proper evaluation as to the accuracy of the amount of excise tax indicated therein. The purchase order shall then be used to support the preparation and issuance of a TCC equivalent to the excise tax amount as computed therein by the concerned district office. The same amount shall be deducted from the current balance of the SARO.

Prior to the issuance of the TCC, the issuing unit should update its books to indicate the available balance for future utilization, after deducting the amount of excise tax last requested for application.

All invoices by AFPCES covering sales of motor fuel and lubricants shall indicate legibly, among others, the name of the purchaser who is the user of the vehicle, if government-issued, or of

the owner of the vehicle, make of vehicle, plate number, and kind/description and quantity of petroleum products to be sold.

Upon full and actual receipt of its purchased articles, AFPCEs shall immediately submit to the concerned RDO the copies of the sales invoices and delivery receipts corresponding to the purchase order(s) covered by the TCC issued in its favor.

**SECTION 16.** The same procedure for recording the issuance of the TCC as stated in Sections 11 and 12 hereof shall apply to articles subject to excise tax.

**SECTION 17. Repealing Clause** - Any existing regulations, order or instructions or portions thereof that are inconsistent with these regulations are hereby repealed, amended or modified accordingly.

**SECTION 18. Effectivity Clause** - These Regulations shall take effect fifteen (15) days from publication hereof.

(Original Signed)  
**JOSE ISIDRO N. CAMACHO**  
Secretary of Finance

Recommending Approval:

(Original Signed)  
**RENÉ G. BAÑEZ**  
Commissioner of Internal Revenue