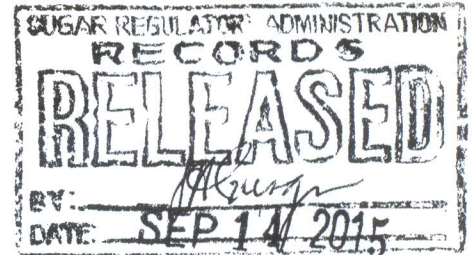




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



September 11, 2015

Sugar Order No. 2
Crop Year 2015-16

SUBJECT: Procedure for the Withdrawal of Raw Cane Sugar from Mill Warehouses Pursuant to BIR Revenue Regulations No. 8-2015¹

Whereas, the Bureau of Internal Revenue (BIR) issued Revenue Regulations 8-2015 which provides that raw cane sugar with color that is greater than 800 ICU and with content of sucrose by weight in the dry state corresponds to a polarimeter reading of less than 99.5°, including muscovado, shall be exempt from the Value-Added Tax (VAT) or from Percentage Tax, pursuant to Section 109 (1)(A) of the Tax Code;

Whereas, said RR 8-2015 likewise states that *“for further verification that the products produced by mills conform to the definition contained herein, the SRA shall provide the BIR with a copy of the results of said test showing the polarimeter and color reading of the Raw Cane Sugar produced, within 15 days from the end of the calendar month”*;

Whereas, in a meeting between the Sugar Regulatory Administration (SRA) and BIR on the aforementioned provisions of RR8-2015 held on June 05, 2015 held at SRA Conference Room, Sugar Centre, Quezon City, both agencies reached a consensus that results of the analysis conducted by sugar mills on their sugar products shall be accepted by the BIR, including its revenue district and regional officers, as initial compliance with the description of raw cane sugar that is with color greater than 800 ICU and with content of sucrose by weight in the dry state corresponds to a polarimeter reading of less than 99.5° and therefore exempt from the Value-Added Tax or from Percentage Tax upon withdrawal from the mill warehouses, subject to verification by the results of analysis that SRA shall conduct on the same sugar product;

Whereas, it was further agreed by SRA and BIR that if the results of analysis conducted by SRA on the same sugar product show that it does not conform with the aforementioned definition of raw cane sugar, the sugar production of the mill for the week where the sample for analysis was taken shall be subject to VAT on post-audit by the BIR;

¹ “Amending Revenue Regulations No. 6-2015 on the Definition of Raw Cane Sugar for Purposes of the Imposition of Advance Business Tax (Value Added Tax or Percentage Tax) and for Other Related Purposes”

