

[BIR Revenue Regulations No. 8-2015, May 22, 2015]

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

*Adopted: 22 May 2015
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SECTION 1. Scope. - Pursuant to the provisions of Sections 6 and 244, in relation to Sections 106, 109, 110, 111 (B) and 116 all of the National Internal Revenue Code of 1997 (Tax Code), as amended, **these Regulations are hereby promulgated to amend Revenue Regulations (RR) 6-2015 on the definition of Raw Cane Sugar for purposes of the imposition of the advance business tax (Value-Added Tax or Percentage Tax) and for other related purposes.**

SECTION 2. Definition of Terms. - For purposes of these Regulations the following terms shall have the following meaning:

(a) Raw Cane Sugar - the natural sugar extracted from sugarcane through simple mechanical process by pressing for the juice; boiled to crystallize; filtered using centrifuge to separate these crystals, and dried, resulting to crystallize brown sugar (brown color due to natural molasses content present in sugar cane): *Provided*, that it shall refer to raw cane sugar produced from conducting only one (1) stage of filtering and centrifugal without any other further process applied thereto, such as but not limited to washing, bleaching, etc.: *Provided further*, that its color is greater than 800 ICU and that its content of sucrose by weight in dry state corresponds to a polarimeter reading of less than 99.5°.

The above definition includes *muscovado* which has standard specifications as produced, namely: Powder Class A – polarization of 86° minimum; Powder Class B – polarization of 77° minimum; and, Lump – polarization of 57° minimum.

Thus, only those falling under the above-definition of Raw Cane Sugar, including *muscovado*, are exempt from VAT, or from Percentage Tax, pursuant to Section 109 (1)(A) of the Tax Code.

The Sugar Regulatory Authority represents that it collects on a biweekly basis composite samples from mills for routine quality tests.

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. The SRA shall also insure that they have in place rules and regulations requiring the "RAW CANE SUGAR" be clearly placed on *quedans* issued for products falling under this definition.

(b) Sugar - refers to sugar other than Raw Cane Sugar as defined in the preceding paragraph. This includes sugar whose content of sucrose by weight, in the dry state corresponds to a polarimeter reading of 99.5° and above and/or whose color is 800 ICU or less.

Cane Sugar produced from the following shall be presumed, for internal revenue purposes, to be refined sugar:

- (1) product of a refining process,
- (2) products of a Sugar Refinery, or
- (3) product of a production line of a sugar mill accredited by the Bureau of Internal Revenue (Bureau or BIR may be used interchangeably in these regulations) to be producing and/or capable of producing sugar with polarimeter reading of 99.5° and above, and for which the *quedan* issued therefor as verified by the Sugar Regulatory Administration (SRA) identifies the sugar to be of a polarimeter reading of 99.5° and above.

Nonetheless, sugar produced from sugar production lines accredited by the Bureau to be capable of producing sugar with polarimeter reading of 99.5° or above shall be *prima facie* presumed to be refined sugar.

(c) Sugar Refinery/Mill refers to entity, natural or juridical, engaged in the business or milling sugar cane into raw or in the refining of raw sugar.

(d) Sugar "Owners" as used in this Regulations may refer to persons who have ***legal title over the sugar*** and may include any of the following:

1. Sugar Planters;
2. Traders;
3. Sugar Millers;
4. The Cooperative/s;
5. The Associations.

SECTION 3. Requirements to Pay in Advance Business Taxes, such as VAT or Percentage Tax on Sale of Sugar. – In general, the business tax (VAT or Percentage Tax) on the sale of sugar, shall be paid in advance by the owner/seller before any warehouse receipt or *quedans* are issued or before the sugar is withdrawn from any sugar refinery/mill.

Moreover, any person whose sales or receipts are exempt under Section 109(1)(V) of the NIRC from the payment of VAT and who is not a VAT-registered person shall pay an advance percentage tax equivalent to THREE PERCENT (3%) of the gross