

**[PPA ADMINISTRATIVE ORDER NO. 01-97,
February 25, 1997]**

**REVISED IMPLEMENTING GUIDELINES OF E.O. 273, THE VALUE
ADDED TAX LAW, AS AMENDED BY R.A. 7718 AND R.A. 8241**

1. AUTHORITY

- 1.1 Executive Order No. 273 which took effect on January 1, 1988
- 1.2 Republic Act No. 7716 which took effect on January 1, 1996
- 1.3 Republic Act No. 8241 which took effect on January 1, 1997
- 1.4 National Internal Revenue Code — Sections 99 to 111 of Title IV, Sections 112,115,117,119 to 122 of Title V and Sections 233, 236 to 239, 242 and 244 of Title IX
- 1.5 Revenue Regulations No. 7-95
- 1.6 Revenue Memorandum Circular No. 3-96
- 1.7 Revenue Memorandum Circular No. 2-88

2. SCOPE

These guidelines cover all gross receipts of the Authority that are subject to the Value Added Tax and Expanded Value Added Tax (EVAT).

3. GUIDING POLICIES

- 3.1 As provided in the law, Value Added Tax (VAT) is an indirect tax which can be legally shifted or passed on to the buyer of goods and services.
- 3.2 All port charges, fees and dues imposed by the Authority are exclusive of VAT, hence, in the collection of charges subject to Value Added Tax, 10% VAT shall be added thereto.
- 3.3 On the same principle, the shifting of VAT by the cargo handling operators/port operators to cargo owners/clients/port users is also proper.

4. GUIDELINES

- 4.1 PPA Gross Receipts Subject to VAT

4.1.1. Government Share on the gross income of Cargo Handling Operators from cargo handling charges

4.1.1.1. Fixed Fees and/or Variable Fees

4.1.1.2. Revised Fixed Fees

4.1.1.3. Percentage Government Share

4.1.2 Rental/lease charges on the land, reclamation areas, buildings, warehouses, transit sheds and all real properties.

4.1.3 Rental/lease charges on the dredgers/cargo handling equipments, heavy machineries and other movable properties.

4.1.4 Harbor Pilot Fees/Professional Fees (exempted up to December 31, 1997)

4.1.5 Management/Commitment Fees

4.1.6 Collection Fees

4.1.7 Consultancy Fees

4.1.8 Service Contract Fees

4.1.9 Non-Traditional Fees and Charges

4.1.9.1. Port related ancillary services

4.1.9.1.1. cargo checking

4.1.9.1.2. cargo surveying

4.1.9.1.3. equipment/appliance hire

4.1.9.1.4. security services

4.1.9.1.5. special cargo storage services

4.1.9.1.6. warehousing

4.1.9.1.7. weighbridge/truck scale

4.1.9.2. Services on Vessels

4.1.9.2.1. bunkering

4.1.9.2.2. docking

4.1.9.2.3. mooring

- 4.1.9.2.4. towing/tugging
- 4.1.9.2.5. vessel maintenance/repair service
- 4.1.9.3 Services on passengers, consignees, shippers and the general public
 - 4.1.9.3.1. passenger/terminal services
 - 4.1.9.3.2. portage services
- 4.1.9.4. Terminal Ancillary Services
 - 4.1.9.4.1. Services on Cargoes
 - 4.1.9.4.1.1. Container Repair
 - 4.1.9.4.2. Services on Vessels
 - 4.1.9.4.2.1. Chandling
 - 4.1.9.4.2.2. Cleaning Services
 - 4.1.9.4.2.3. Fumigation
 - 4.1.9.4.2.4. Laundering
 - 4.1.9.4.2.5. Phone Patch Service
 - 4.1.9.4.2.6. Waste Disposal
 - 4.1.9.4.2.7. Water Taxi
 - 4.1.9.4.3. Services on Passengers, Consignees, Shippers and the General Public
 - 4.1.9.4.3.1. Board and Lodging Service
 - 4.1.9.4.3.2. Food Service
 - 4.1.9.4.3.2.1. Canteen
 - 4.1.9.4.3.2.2. Carinderia
 - 4.1.9.4.3.2.3. Catering
 - 4.1.9.4.3.2.4. Mobile Store
 - 4.1.9.4.3.2.5. Parking/Garage Services
 - 4.1.9.4.3.2.6. Shops/Stores

4.1.9.4.3.2.7. Transportation Services

4.1.10. Charges Against Foreign Shipping (zero-rated or 0% VAT up to December 31, 1997)

4.1.10.1. All charges against the vessels of foreign shipping companies; paid thru the members of the Association of International Shipping Lines, Inc. (AISL)

4.1.11. All other charges not classified under VAT exempt charges

4.2. VAT Exempt PPA Charges

4.2.1. Fees and Charges, which arise from the use of government facilities, are exempt from VAT

4.2.1.1. Harbor/Port dues

4.2.1.2. Berthing/Anchorage/Dockage Fees

4.2.1.3. Usage Fees

4.2.1.4. Wharfage Dues

4.2.1.5. Storage Fees

4.2.1.6. Lay-up Fees

4.2.2. Other VAT Exempt PPA Charges

4.2.2.1. Administrative fines and penalties

4.2.2.2. Water Supply Service Charges

4.2.2.3. Electrical Consumption Charges

4.2.2.4. Interest and penalty charges

4.3. Illustrative Computation

Example 1

ABC Arrastre and Stevedoring Co. was granted a Management Contract with financial obligations to PPA as follows:

Annual Fixed Fee of P591,000.00 payable in 12 monthly equal installments of P49,250.00.

10% Variable Fee on income in excess of required tonnage.

For the month of January, 1995, the company has a gross income of P1,085,520.00, P500,000.00 of which is subject to Variable Fees.