

**[BIR REVENUE REGULATIONS NO. 13-2007,
October 15, 2007]**

**PRESCRIBING THE RULES ON THE ADVANCE PAYMENT OF VALUE
ADDED TAX/PERCENTAGE TAX ON THE TRANSPORT OF
NATURALLY GROWN AND PLANTED TIMBER PRODUCTS**

SECTION 1. Scope – Pursuant to the provisions of Section 6 and 244, in relation to Sections 106, 108, 109 and 110, all of the National Internal Revenue Code of 1997 (Code), as amended, these Regulations are hereby promulgated to prescribe the policies and procedures for the advance payment of value added tax (VAT) on the transport of naturally grown and planted timber products for purposes of consummating a sale.

SECTION 2. Requirement to Pay advance VAT on Transport of Naturally Grown and Planted Timber Products – The value added tax on transport of naturally grown and planted timber products shall be paid in advance by the owner/seller to the Bureau of Internal Revenue through the Authorized Agent Banks (AABs), or to the Revenue Collection Officers (RCOs) or deputized City or Municipal Treasurers, in places where there are no AABs, before transporting them from place of production or concession.

SECTION 3. Persons liable to pay the advance VAT on naturally grown and planted timber products. – Owners/sellers of naturally grown and planted timber products, whether natural or juridical, who are holders of permits issued by, or agreements entered into with, the Department of Environment and Natural Resources (DENR), are liable to pay the advance VAT on naturally grown and planted timber products harvested prior to its transport for purposes of consummating a sale. These permits and agreements are the following:

- a.) Timber License agreements
- b.) Industrial Forest Management Agreements
- c.) Tree Farm Lease Agreements
- d.) Agro- Forestry Farm Lease Agreements
- e.) Private Forest Development Agreements
- f.) Socialized Industrial Forest Management Program
- g.) Community- Based Forest Management Program
- h.) Timber Cutting/ Salvage & Related Permits

Naturally grown and planted timber products harvested from industrial tree plantations and in private lands covered by existing land titles and approved land applications are also subject to advance VAT.

SECTION 4. Basis for Determining the Amount of Advance VAT Payment -

- a.) **Base price** - The amount of advance payment shall be determined by applying the VAT rate of 12% on the corresponding value per cubic meter of the different

species of naturally grown and planted timber products in accordance with the following schedule:

| | LUZON | VISAYAS | MINDANAO |
|--|--------------|----------------|-----------------|
| a. Philippine Mahogany Group, | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| Manggasinoro Group, | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| Manggachapui Group, | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| Narig Group, | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| Palosapis Group | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| Guijo Group | 1,400.00/cm | 1,400.00/cm | 1,425.00/cm |
| b. Yakat Group | 1,500.00/cm | 1,500.00/cm | 1,530.00/cm |
| c. Apitong Group | 1,260.00/cm | 1,260.00/cm | 1,260.00/cm |
| d. Solfwood Species except Igem | 715.00/cm | 715.00/cm | 715.00/cm |
| e. Igem | 1,275.00/cm | 1,275.00/cm | 1,275.00/cm |
| f. Nato | 1,000.00/cm | 1,000.00/cm | 1,000.00/cm |
| g. Furniture/Construction Hardwood | 950.00/cm | 950.00/cm | 950.00/cm |
| h. Premium species, allowed cut; | 3,000.00/cm | 3,000.00/cm | 3,000.00/cm |
| i. Lesser-Used pulpwood, chip wood and Matchwood species (per cubic meter) | 700.00/cm | 700.00/cm | 700.00/cm |
| | 95.00/cm | 95.00/cm | 95.00/cm |

b.) **Subsequent price adjustment.** – The valuation upon which the advance payment of VAT is computed under the preceding paragraph shall be adjusted when deemed necessary by the Commissioner of Internal Revenue upon prior consultation with the Secretary of the Department of Environment and Natural Resources.

SECTION 5. Proof of Advance VAT Payment - The concerned Revenue District Office or the duly constituted unit in its place shall issue a Certificate of Advance Payment of the VAT (Annex A), after payment of the Advance VAT as required in Section 3 of these Regulations. This certificate shall serve, together with the BIR payment form and documents issued by the DENR, like Certificate of Timber Origin (CTO), Certificate of Lumber Origin (CLO), Self Monitoring Form (SMF), or similar required certificate/form, as the authority to transport the naturally grown and planted timber products from cutting area to any destination which will be presented upon inspection by proper authorities, including officers and agents of the Department of Environment and Natural Resources (DENR) and Bureau of Internal Revenue (BIR).

A separate Revenue Memorandum Order (RMO) will be issued to prescribe the details and specific manner in the issuance of Certificate of Advance Payment of VAT and reports to be submitted for monitoring purposes.

SECTION 6. Prohibition of Withdrawal – The owner/ concessionaire/ seller of the naturally grown or private timber products shall not allow any transport of said timber products from the cutting area without the advance payment of the VAT.