

**[ BIR REVENUE MEMORANDUM ORDER NO. 22-92,  
May 14, 1992 ]**

**GUIDELINES TO CLARIFY IMPLEMENTATION OF REVENUE  
REGULATIONS NO. 2-88; SALE OF RAW MATERIALS TO EPZA  
AND SALE OF GOLD TO THE CENTRAL BANK.**

**Purpose**

This Order prescribes the guidelines to implement the understanding by and among the representatives of the Bureau of Internal Revenue, the Board of Investments, the Philippine Chamber of Commerce and Industries, the Garments Association, the Textile Mill Association, the Chamber of Mines, the Confederation of Garment Exporters, and the suppliers group, held at the BIR National Office on January 16, 1992.

**Background**

1. The issuance of Revenue Regulations No. 2-88 dated February 15, 1988 was prompted by the representations of the Board of Investments that by zero-rating the sale of raw materials to BOI-registered exporters exporting more than 70% of their total annual production, the local suppliers will be placed in a better position to successfully compete with the foreign suppliers of imported raw materials.
2. Various VAT Rulings (i.e. 499-88, 073-89, 200-89) have been issued stating that the sale of goods to EPZA-registered firms shall be zero-rated pursuant to Section 77 (1) of the Omnibus Investment Code.
3. Similarly, various VAT Rulings (i.e. 378-88, 239-89, 036-90) have been issued stating that the sale of gold to the Central Bank is zero-rated pursuant to Executive Order No. 581, treating such sale as export sale in connection with the imposition of export tax.
4. On October 29, 1991, the Commissioner approved an Inter-Office Memorandum submitted by the Assistant Commissioner (Legal) proposing to revoke all of the preceding issuances.

**Policy Statements**

1. The provisions of Revenue Regulations No. 2-88 should be continued because the same policy considerations that justified its issuance still exists.
2. Various BIR Rulings to the effect that the sale of goods to EPZA-registered firms are zero-rated shall be modified so as to limit the scope of the zero-rated sales to raw materials which forms part of the finished goods which are eventually exported.