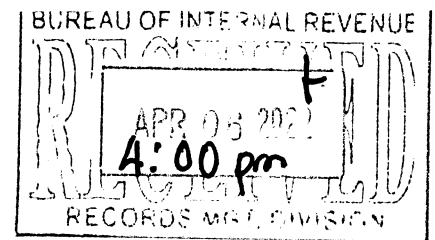




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
BIR National Office Building
Diliman, Quezon City



Date: APR 06 2022

REVENUE MEMORANDUM CIRCULAR NO. 38 - 2022

SUBJECT: Clarification on the Transitory Provision for the Non-Income Related Tax Incentives Granted to Registered Export Enterprises under Investment Promotion Agencies (IPAs)

TO: All Internal Revenue Officials, Employees and Others Concerned

This Circular is being issued to clarify the transitory provisions for the non-income related tax incentives pursuant to Section 5, Rule 18 of the amended Implementing Rules and Regulations (IRR) in relation to Section 311 of Title XIII of Republic Act No. 11534, otherwise known as CREATE Act.

All existing registered export enterprises (REEs) prior to CREATE that will continue to avail of their existing income tax incentives, may continue to enjoy the VAT zero-rating on local purchases that are directly attributable and exclusively used in the registered project or activity until the expiration of the transitory period, as follows:

1. For REEs which are granted **only** an Income Tax Holiday (ITH) – until the remaining period of the ITH.
2. For REEs which are granted an ITH **and/or** five percent (5%) tax on gross income earned – until the expiration of the ten (10) year limit.

The extent for the availment of VAT zero-rating on local purchases is anchored on the transitory period stated above. Thus, if the income tax incentive of REE has already expired prior to CREATE then, the VAT zero-rating on local purchases could no longer be availed.

All revenue officials and others concerned are hereby enjoined to give this Circular a wide publicity as possible.

This Circular shall take effect immediately.


CAESAR R. DULAY

Commissioner of Internal Revenue

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