



Senate  
Office of the Secretary

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

13 DEC -9 P3:38

SENATE  
P.S. Res. No. **410**

RECEIVED BY: *J*

Introduced by Senator Maria Lourdes Nancy S. Binay

**RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT INVESTIGATION, IN AID OF LEGISLATION, ON THE ISSUANCE OF BIR REVENUE REGULATIONS NO. 13-2013, WHICH PARTICULARLY AMENDS THE DEFINITION OF RAW SUGAR AS PROVIDED IN REVENUE REGULATIONS NO. 13-08 IN RELATION TO THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

**WHEREAS**, the Bureau of Internal Revenue has recently issued the Revenue Regulations No. 13-2013, which particularly amends the definition of raw sugar as provided in the Revenue Regulations No. 13-08, in relation to the National Internal Revenue Code of 1997, as amended;

**WHEREAS**, subject to the provisions of Section 109 (1)(A) of Republic Act No. 8424 or the National Internal Revenue Code of 1997, as amended, raw cane sugar and molasses shall be considered in their original state and shall be exempt from the value-added tax;

**WHEREAS**, Revenue Regulations No. 13-2008 defines raw sugar as sugar “whose content of sucrose by weight in dry state corresponds to a polarimeter reading of less than 99.5 degrees”;

**WHEREAS**, pursuant to the definition of raw sugar under Revenue Regulations No. 13-2008, direct consumption sugars, such as washed sugar and premium raw sugar that have reached only a polarimeter reading of 99.00 to 99.35, are considered as raw sugar exempt from VAT;

**WHEREAS**, the BIR recently issued Revenue Regulations No. 13-2013, amending Revenue Regulations No. 13-2008, thereby limiting the definition of raw sugar as “sugar produced by simple process of conversion of sugar cane without a need of any of mechanical or similar devices such as muscovado”;

**WHEREAS**, the restrictive definition of raw sugar by Revenue Regulations No. 13-2013 leaves muscovado as the only raw sugar and the only kind of sugar exempted from VAT;

**WHEREAS**, apart from muscovado sugar, direct consumption sugars, such as washed sugar and premium raw sugar, are also essentially produced from the same process as molasses.

**WHEREAS**, considering that molasses are considered in its original state under Section 109 (1) (A) of the NIRC and exempt from VAT, raw sugar cane, including muscovado and all other direct consumption sugars, such as washed sugar and premium raw sugar, shall likewise be considered as raw cane sugar in its original state under Section 109 (1) (A) of the NIRC and, consequently, exempt from VAT.

**WHEREAS**, newspapers report that BIR has missed seven out of eight monthly collection targets in 2013, the latest was in August when BIR collected P118.11 billion, which is still short of P118.48 billion goal;

**WHEREAS**, the monthly misses in the collecting agency's target indicates weaknesses in the organization and does not mean the need to add more taxable goods nor the more stringent interpretation of existing tax laws and regulations;

**WHEREAS**, instead of addressing internal issues and weaknesses of BIR, the revenue agency seems to be opting for additional tax burden for the citizens and of already ailing sectors such as the sugar industry which is already facing the threat of competing with the lifting of tariffs on imported sugar by 2015;

**WHEREAS**, the BIR has already defined raw sugar in BIR RR 13-2008 and that every change in leadership in the Bureau should not result to another different interpretation existing tax laws and regulations;

**WHEREAS**, it is the duty of the government to protect its local sugar industry and should be ensuring safeguards to the vulnerable sugar sector in the midst of the 2015 scenario instead of adding tax burden to it;

**WHEREAS**, BIR should hold in abeyance the imposition of Revenue Regulations No. 13-2013 until further clarification from the Congress of the Philippines, which original intent in NIRC is to include raw sugar as VAT exempt, and after direct consultations with the stakeholders and sector affected;

**NOW, BE IT RESOLVED AS IT IS HEREBY RESOLVED THAT**, the Senate direct the appropriate Senate committees to conduct an inquiry in aid of legislation on the issuance of BIR Revenue Regulations No. 13-2013, which particularly amends the definition of raw sugar as provided in Revenue Regulations No. 13-08, in relation to the National Internal Revenue Code of 1997, as amended.

Adopted,

  
MARIA LOURDES NANCY S. BINAY  
Senator