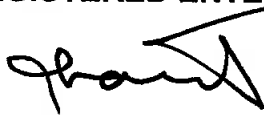




# Philippine Economic Zone Authority

MEMORANDUM CIRCULAR NO. 2018-003

TO : ALL ZONE ADMINISTRATORS/ZONE MANAGERS  
ALL CONCERNED PEZA-REGISTERED ENTERPRISES

FROM : The DIRECTOR GENERAL 

DATE : 12 MARCH 2018

SUBJECT : "STATUS QUO" ON VAT ZERO-RATING INCENTIVE ON SALES  
OF GOODS/SERVICES TO SEPARATE CUSTOMS TERRITORY

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The veto on certain provisions of the TRAIN law, specifically the provision on the zero-rating of sales of goods/service to separate customs territory has caused uncertainties and serious concern on the part of PEZA locators. With some local suppliers already incorporating the VAT on their sales of goods/services to ecozone customers, PEZA sought clarification from the Department of Finance (DOF) as to whether the said veto applies to PEZA locators.

In a letter reply to PEZA, the DOF informed that the TRAIN law does not affect the current zero-rating of sales of goods and services to PEZA locators. Accordingly, Section 8 of Republic Act 7916, otherwise known as the "Special Economic Zone Act of 1995, which provides that special economic zones are to be operated and managed as separate customs territory, has not been amended or repealed by the TRAIN law.

Until a law or revenue regulation is passed/issued contrary to or incompatible with the the above pronouncement by DOF, the VAT zero rating incentive being enjoyed by PEZA locators shall remain in full force and effect.

For your guidance/information.

PEZA - DTS



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