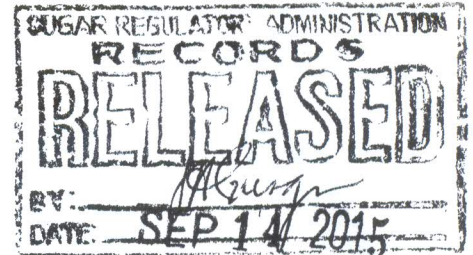




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



September 11, 2015

Sugar Order No. 2
Crop Year 2015-16

SUBJECT: Procedure for the Withdrawal of Raw Cane Sugar from Mill Warehouses Pursuant to BIR Revenue Regulations No. 8-2015¹

Whereas, the Bureau of Internal Revenue (BIR) issued Revenue Regulations 8-2015 which provides that raw cane sugar with color that is greater than 800 ICU and with content of sucrose by weight in the dry state corresponds to a polarimeter reading of less than 99.5°, including muscovado, shall be exempt from the Value-Added Tax (VAT) or from Percentage Tax, pursuant to Section 109 (1)(A) of the Tax Code;

Whereas, said RR 8-2015 likewise states that *“for further verification that the products produced by mills conform to the definition contained herein, the SRA shall provide the BIR with a copy of the results of said test showing the polarimeter and color reading of the Raw Cane Sugar produced, within 15 days from the end of the calendar month”*;

Whereas, in a meeting between the Sugar Regulatory Administration (SRA) and BIR on the aforementioned provisions of RR8-2015 held on June 05, 2015 held at SRA Conference Room, Sugar Centre, Quezon City, both agencies reached a consensus that results of the analysis conducted by sugar mills on their sugar products shall be accepted by the BIR, including its revenue district and regional officers, as initial compliance with the description of raw cane sugar that is with color greater than 800 ICU and with content of sucrose by weight in the dry state corresponds to a polarimeter reading of less than 99.5° and therefore exempt from the Value-Added Tax or from Percentage Tax upon withdrawal from the mill warehouses, subject to verification by the results of analysis that SRA shall conduct on the same sugar product;

Whereas, it was further agreed by SRA and BIR that if the results of analysis conducted by SRA on the same sugar product show that it does not conform with the aforementioned definition of raw cane sugar, the sugar production of the mill for the week where the sample for analysis was taken shall be subject to VAT on post-audit by the BIR;

¹ “Amending Revenue Regulations No. 6-2015 on the Definition of Raw Cane Sugar for Purposes of the Imposition of Advance Business Tax (Value Added Tax or Percentage Tax) and for Other Related Purposes”



Whereas, SRA has the authority under Executive Order No. 18 to promulgate rules and procedures on the withdrawal of sugar from warehouses;

Now, therefore, based on the foregoing premises it is hereby ordered:

1. Sugar mills shall take composite samples of their sugar production for every weekending for the duration of its operations. Part of the composite samples shall be sent to SRA for laboratory analysis, while the mills shall conduct laboratory analysis on the remaining composite samples. The procedure for sampling and analysis to be followed by sugar mills as well as by the SRA laboratory where the samples shall be sent for analysis are provided in **SRA Memorandum Circular Nos.6 and 6a**.
2. If the results of the analysis conducted by the mill on its composite sample show the sugar has a color that is greater than 800 ICU and with content of sucrose by weight in the dry state corresponding to a polarimeter reading of less than 99.5°, the mill shall print/stamp "Raw Cane Sugar" on the quedan of the sugar produced during that weekending. Production represented by quedans printed or stamped with "Raw Cane Sugar" shall be considered as raw cane sugar and therefore exempt from the Value-Added Tax (VAT) or from Percentage Tax upon withdrawal from the mill warehouses pursuant to RR 8-2015.
3. If the results of the analysis conducted by the mill on its composite sample indicate that the sugar has a color that is 800 ICU or lesser and with content of sucrose by weight in the dry state corresponding to a polarimeter reading of 99.5° and higher, the quedan corresponding to the production to that weekending shall NOT be printed or stamped with "Raw Cane Sugar". The sugar corresponding to this quedan shall be subject to VAT or Percentage Tax prior to withdrawal from the mill warehouses as provided in RR 8-2015.
4. Mills shall provide SRA original copies of the result of its analysis on the composite sample together samples of the sugar it sends to SRA for analysis.
5. The composite samples of the sugar production sent by the mills to SRA shall be analyzed by SRA laboratory located either in Bacolod city or Quezon City to verify the initial laboratory analysis conducted by the mills. If the results of the SRA analysis show that the sugar has a color that is 800 ICU or lesser and with content of sucrose by weight in the dry state corresponding to a polarimeter reading of 99.5° and higher, the sugar production of that mill for the weekending when the sample was taken shall be subject to VAT on post-audit basis by BIR.

6. On the other hand, if SRA analysis of the sample verifies that it is raw cane sugar, the production of the mill for the week when the sample was taken shall remain VAT exempt.
7. SRA shall send original copies of the results of its analysis on the composite samples submitted by the mills and copies of the results of analysis of the mills submitted to it (SRA) to the Assistant Commissioner for Large Taxpayers Service, BIR National Headquarters, Agham Road Quezon City and to BIR Revenue District or Regional Office having jurisdiction over the mill and BIR Office where the mill is registered, as well as to the Resident Manager of the mill concerned. All sugar mills are directed to provide SRA with the name/s and address of the BIR officer in their revenue district or region.
8. Provisions of sugar order, circular letters, rules and regulations which are contrary to or inconsistent with this Sugar Order are hereby revised, modified, or revoked accordingly.
9. A copy of this Order shall be filed with the Office of the National Administrative Registrar, U.P. Law Center, Diliman, Quezon City and posted on the SRA website.
10. This Sugar Order shall take effect immediately.

BY AUTHORITY OF THE SUGAR BOARD


Ma. Regina Bautista-Martin
Administrator