




# PHILIPPINE ECONOMIC ZONE AUTHORITY

MEMORANDUM CIRCULAR NO. 2022-011

TO : ALL REGISTERED BUSINESS ENTERPRISES  
ALL PEZA ZONE ADMINISTRATORS / ZONE MANAGERS/ OICs

FROM : BGen CHARITO B. PLAZA MNSA, PhD  
Director General 

DATE : 21 February 2022

SUBJECT : ENDORSEMENT OF THE INVESTMENT PROMOTION AGENCY (IPA) UNDER BIR RR NO. 21-2021

We have been receiving recently numerous requests from registered business enterprises (RBEs) for an endorsement that specific goods or services are used exclusively and directly in the registered activity of the RBEs and thus, entitled to the VAT Zero rating incentive. We gather that the requests stemmed from the demand of certain suppliers of the RBEs for an endorsement from PEZA pursuant to RR No. 21-2021 dated 03 December 2021, which provides that:

*“SECTION 5. Value-added Tax (VAT) zero-rating and exemption. – The VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of export enterprises, for a maximum period of seventeen (17) years from the date of registration, unless otherwise extended under the SIPP.*

*The direct and exclusive use in the registered project or activity refers to raw materials, inventories, supplies equipment, goods, packaging materials, services, including provision of basic infrastructure, utilities, and maintenance, repair and overhaul of equipment, and other expenditures directly attributable to the registered project or activity without which the registered project or activity cannot be carried out; **PROVIDED, THAT THE VAT ZERO-RATING ON LOCAL PURCHASES SHALL BE GRANTED UPON THE ENDORSEMENT OF THE CONCERNED IPA, IN ADDITION TO THE DOCUMENTARY REQUIREMENTS OF THE BIR.**”*

The endorsement required by these suppliers is **NOT** the endorsement mentioned under the regulation. This is the endorsement of the IPA to the BIR of the list of RBEs entitled to the VAT Zero Rating incentive. Kindly note that even prior to the enactment of R.A. No. 11534 or the CREATE Act, PEZA regularly endorses to the Commissioner of the Bureau of Internal Revenue, copy furnished the BIR-Audit Information, Tax Exemption and Incentives Division (BIR-AITEID), a list of PEZA-registered enterprises that were issued with VAT zero-rating certifications for the year.

The VAT Zero Rating Certificate that PEZA issues annually to qualified and compliant enterprises should be sufficient basis for the enjoyment of the incentive. A supplier of an RBE has no legal basis to require an RBE to present a PEZA endorsement in addition to the VAT Zero Rating Certificate as the latter is a confirmation of the entitlement and enjoyment of the incentive.

In addition, it is the RBE which should make the initial determination whether a specific transaction which involves goods and services are covered by the incentive granted. It is the RBE which should ensure and justify that the same are directly and exclusively used in the registered activity or project using BIR RR No. 21-2021 as a guide or reference.

For your information and guidance.

NBT/rvss





1512-2022-00102

10th Floor, DoubleDragon Center West Building  
DD Meridian Park, Macapagal Avenue, Pasay City, 1302  
Trunklines: (632) 8551-3451 · 8551-3435 to 37 · Facsimile (632) 8891-6380  
E-mails: odgcbp@peza.gov.ph · info@peza.gov.ph

ISO 9001:2015 Certified Organization  
with Certificate Nos AJA 08/13114 and AJA 08-009  
Direct lines: (632) 8551-3432 · 8551-3454 to 55  
Website: www.peza.gov.ph