



MARITIME INDUSTRY AUTHORITY

03 October 2017

MARINA ADVISORY NO. 2017-22

Series of 2017

**TO : ALL SHIPOWNERS/BAREBOAT CHARTERERS/SHIP
OPERATORS/SHIP MANAGERS WITH PHILIPPINE
REGISTERED SHIPS AND ALL CONCERNED**

**SUBJECT : REVISED GUIDELINES FOR THE ISSUANCE OF DEPARTMENT
OF FINANCE (DOF) ENDORSEMENT TO AVAIL OF VAT
EXEMPTION GRANTED UNDER REPUBLIC ACT (RA) NO. 9337,
AMENDING THE NATIONAL INTERNAL REVENUE CODE OF
1997**

In the interest of the service and after consultation with the Department of Finance, to ensure that only qualified domestic ship owner/operator may avail of the incentives granted under RA 9337, particularly the exemption from the payment of Value Added Tax (VAT) on the sale, importation or lease of passenger or cargo vessels, including engine, equipment and spare parts thereof for domestic or international transport operations, the following guidelines is hereby adopted:

I. Who may avail of the incentives:

Only MARINA-accredited domestic ship owners/operators may avail of the incentives under the RA 9337.

II. Definition of terms:

- a. "Domestic Shipping" shall mean the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine law to engage in trade and commerce between Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes.¹

¹ Republic Act No. 9295



- b. "Domestic Ship Operator" or "Domestic Ship Owner" may be used interchangeably and shall mean a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority (MARINA) to engage in the business or domestic shipping.²
- c. "Importation" shall mean the direct purchase, lease or charter of newly constructed or previously owned ships, or the purchase of ship's spare parts from foreign sources or from registered enterprises operating in special economic zones as this term is defined in Republic Act No. 7916 entitled, "The Special Economic Zone Act. of 1995."³
- d. "Special Economic Zones (SEZ)" – hereinafter referred to as the ECOZONES, shall mean selected areas with highly developed or which have the potential to be developed into agro-industrial, Industrial tourist/recreational, commercial, banking, investment and financial centers. An ECOZONE may contain any or all of the following: Industrial Estates (IEs), Export Processing Zones (EPZs), Free Trade Zones, and Tourist/Recreational Centers.⁴

III. Qualifications in the availment of incentives:

VAT Exemption may be granted on the following transactions:

- a. Sale, importation or lease of IACS Classed passenger vessels of five hundred (500) gross tons and above and not more than twenty (20) years old at the time of acquisition⁵;
- b. Sale, importation or lease of tanker vessels of not more than fifteen (15) years old at the time of acquisition⁶;
- c. Sale, importation or lease of high-speed passenger vessels of not more than five (5) years old at the time of acquisition⁷;
- d. Sale, importation or lease of cargo vessels subject to existing rules and regulations⁸; and,

² Republic Act No. 9295

³ Republic Act No. 9295

⁴ Republic Act No. 7916

⁵ MARINA Circular No. 2017-04

⁶ MARINA Circular No. 2010-01

⁷ MARINA Circular No. 121

⁸ MARINA Circular No. 104

- e. Sale and importation of engine, equipment and spare parts of passenger or cargo vessels for domestic or international transport operations.

IV. Where to file application

All applications for issuance of DOF endorsement for VAT exemption on the sale, importation or lease of passenger or cargo vessels, including engine, equipment and spare parts thereof shall be filed with the Domestic Shipping Service, MARINA Central Office.

V. Filing of application for DOF Endorsement and Qualification Certificate

The application for the issuance of DOF Endorsement and Qualification Certificate shall be filed simultaneously with the application for the issuance of Authority to Import of the passenger or cargo vessel to be imported. In case of importation engine, equipment and spare parts, a copy of the invoice shall be submitted together with the application. Payment of processing fee for the issuance of DOF Endorsement and Qualification Certificate shall be in accordance with the existing policy on fees and charges.

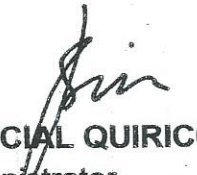

VI. DOF Endorsement

Once the MARINA is satisfied with all the requirements submitted by the applicant and has determined that the applicant is entitled for the incentives under RA 9337, it shall be issued a Qualification Certificate attesting that the applicant possesses the qualifications for availment of VAT-Exemption and shall endorse the application with the DOF.

VII. Repealing Clause

MARINA Advisory No. 2017-17, any provisions of MARINA Rules and Regulations and other issuances or parts thereof which are inconsistent with this MARINA Advisory are hereby repealed, amended or modified accordingly.

For information and guidance.

 10/6/17
for MARCIAL QUIRICO C. AMARO III, PhD
Administrator 

Page 3 of 3

Date of Publication: October 20, 2017
Business Mirror

Date of Submission to ONAR: