



**SUBJECT : AMENDING RULE 18, SECTION 5 OF THE IMPLEMENTING RULES AND REGULATIONS OF TITLE XIII OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE "NATIONAL INTERNAL REVENUE CODE OF 1997", AS AMENDED BY REPUBLIC ACT 11534 OR THE "CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES (CREATE ACT)"**

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**SECTION 1. Scope.** Pursuant to Section 21 of Republic Act No. 11534, entitled "AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204, AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES," the Secretary of Finance and the Secretary of Trade and Industry hereby promulgate these amendments to the CREATE Act Implementing Rules and Regulations (IRR).

**Section 2.** Rule 18, Section 5 of the CREATE IRR is hereby amended to read as follows:

**RULE 18. Investments prior to the effectivity of this Act.**

**SECTION 5. *Non-income related tax incentives.*** — All registered export and domestic enterprises that will continue to avail of their existing tax incentives subject to Sections 1, 2 and 3 of this Rule, may continue to enjoy the duty exemption, VAT exemption on importation, and VAT zero-rating on local purchases as provided in their respective IPA registrations; **PROVIDED, THAT REGISTERED EXPORT ENTERPRISES AS DEFINED UNDER SECTION 293(E) OF THE ACT WHOSE INCOME TAX-BASED INCENTIVES HAVE EXPIRED, MAY CONTINUE TO ENJOY VAT ZERO-RATING ON LOCAL PURCHASES UNTIL THE ELECTRONIC SALES REPORTING SYSTEM OF THE BUREAU OF INTERNAL REVENUE UNDER SECTION 237-A OF THE ACT IS FULLY OPERATIONAL, OR UNTIL THE EXPIRATION OF THE TRANSITORY PERIOD REFERRED TO IN SECTION 311(C) OF THE ACT, WHICHEVER COMES EARLIER; PROVIDED, FURTHER, THAT AN RBE**

CLASSIFIED AS DME WHICH IS LOCATED INSIDE THE ECONOMIC OR FREEPORT ZONE DURING THE TRANSITORY PERIOD WILL BE ALLOWED TO REGISTER AS A VAT TAXPAYER; *Provided, FINALLY*, that the duty exemption, VAT exemption on importation, and VAT zero-rating on local purchases shall only apply to goods and services directly attributable to and exclusively used in the registered project or activity of said registered export enterprises.

**SECTION 3. *Applicability of these Rules.*** These Rules shall apply prospectively; *Provided* that DMEs inside the economic or freeport zone that will opt to register as VAT taxpayers shall not be allowed to claim VAT refund for transactions prior to the effectivity of these Rules.


**SECTION 4. *Repealing Clause.*** All existing rules and regulations or parts thereof which are inconsistent with the provisions of this IRR are hereby amended accordingly.

**SECTION 5. *Effectivity.*** These Rules shall take effect immediately upon publication in a newspaper of general circulation.

  
**BENJAMIN E. DIOKNO**  
Secretary of Finance

AUG 08 2023



  
**ALFREDO E. PASCUAL**  
Secretary of Trade and Industry

