REVENUE MEMORANDUM ORDER NO. 22-2004 issued on May 24, 2004 amends RMO No. 81-99 relative to the issuance of Value-Added Tax (VAT) Exemption Certificate (VEC) and VAT Exemption Identification Card (VEIC) to qualified foreign embassies and their qualified personnel and corresponding qualified dependents.

Under the principle of reciprocity, the Bureau of Internal Revenue (BIR) may grant VAT exemption to the aforesaid foreign embassies/personnel/ dependents on their local purchases of goods/services when it appears in the list or endorsement submitted to the BIR by the Department of Foreign Affairs that the Government of the concerned embassy allows similar exemption to Philippine Embassy personnel on their purchase of goods and services in that country.

A VEC certifies that the embassy/person named therein is exempt from VAT on its/his/her purchases of goods and services. The term VEC includes a VAT Exemption Identification Card (VEIC), which may be issued to qualified personnel and qualified dependents of a foreign embassy, in lieu of a VEC, subject to certain additional procedures in the production thereof. A separate ruling shall be secured in the purchase of motor vehicle for the grant of VAT and/or ad valorem tax exemption.

The initially issued VEC shall be effective for 2 years from the date of issue, renewable every 2 years thereafter, unless sooner revoked or until the expiration of the term of office of the grantee and his dependents, if any.

The procedures in the processing of the VEC/VEIC are specified in the Order.