REVENUE MEMORANDUM CIRCULAR NO. 2-2004 issued on January 7, 2004 clarifies the issues on VAT taxable transactions of the Philippine Ports Authority, amending Revenue Memorandum Circular No. 20-88.

In view of the enactment of Republic Act No. 7716, all fees and charges collected by the Philippine Ports Authority (PPA) such as, but not limited to the following, are subject to Value-Added Tax:

- Port Dues (Harbor fees)/Anchorage fees
- Dockage-Berthing Income
- Usage fee
- Wharfage fees
- Storage fees
- Lay-up fees
- Share in Arrastre/Stevedoring Income
- Fund Management Income
- Pilotage
- All Other Income

The PPA shall, for every sale, issue an invoice or receipt which shall contain, in addition to the information required under Section 237 of the National Internal Revenue Code of 1997, the following information:

- A statement that PPA is a VAT-registered person, followed by its Tax Identification Number (TIN),
- The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the Value-Added Tax.

The PPA shall file a quarterly return of the amount of his quarterly gross sales or receipts within twenty five (25) days following the close of the taxable quarter using the latest version (April 2002 (ENCS) version) of Quarterly VAT Return (BIR Form 2550Q-April 2002 (ENCS)).

Amounts reflected in the monthly VAT declarations for the first two (2) months of the quarter shall still be included in the quarterly VAT return which reflects the cumulative figures for the taxable quarter. Payments in the monthly VAT declarations shall, however, be credited in the quarterly VAT return to arrive at the net VAT payable or excess input tax/over-payment as of the end of a quarter.

The PPA shall pay the tax monthly based on the taxable sales/receipts for the month, using the VAT declaration within twenty (20) days after the end of each month.

The VAT payable/Excess Input Tax (output tax less input tax) for each taxable quarter shall be reduced by the total amount of tax(es) previously paid for the immediately preceding two (2) months, and the advance payments/creditable VAT withheld by the payors for the three months of the quarter.