REQUIRING ALL MINI-HYDROELECTRIC POWER DEVELOPMENT CONTRACTORS TO AFFIX DOE TAX-EXEMPT STICKERS ON MACHINERY AND EQUIPMENT, MATERIALS AND PARTS IMPORTED PURSUANT TO REPUBLIC ACT...

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WHEREAS, Republic Act 7156, otherwise known as the “Mini-Hydroelectric Power Incentives Act, “ and its Implementing Rules and Regulations (IRR), allow tax- and duty free importation of machinery and equipment, materials and parts shipped with such machinery and equipment, provided that such machinery, equipment, materials and parts are: (1) not manufactured domestically in reasonable quantity and quality at reasonable prices; and (2) directly and actually needed and will be used exclusively in the construction and impounding of water, transformation into energy, and transmission of electric energy to the point of use;

WHEREAS, R.A. 7156 mandates the Department of Energy (DOE) to exercise such powers as are necessary or incidental to attain the purposes of the said Act;

NOW, THEREFORE, the following rules are hereby promulgated:

1. All holders of Mini- Hydroelectric Power Development Contracts are hereby required to paste or affix DOE tax-exempt stickers on machinery and equipment imported pursuant to R.A. 7156.

2. The mini-hydro contractor shall secure the DOE tax-exempt sticker for a particular machinery and equipment, materials and parts from the DOE, through the Mini-hydro Division, immediately prior to the release of the appropriate Tax-Exemption Certificate (TEC) for such machinery and equipment, in the amount of fifty pesos (P 50.00) for a 10.16 centimeters (cm) x 13.97 centimeters (cm) sticker and one hundred pesos (P 100.00) for a 10.16 cm x 27.94 cm sticker. One sticker shall be required for one unit/piece of machinery and equipment, imported pursuant to R.A. 7156.

3. The DOE tax-exempt sticker shall be affixed or pasted on a conspicuous spot, preferably on the front side of each machinery and equipment by the importing mini-hydropower contractor, immediately upon actual release of such machinery and equipment from the Bureau of Customs.

4. The 10.16 cm x 13.97 cm sticker shall be pasted on machinery and equipment that are not more than 30.48 cm in diameter (for rounded objects or equipment) and/or more than 30.48 cm in width (for other shapes).

5. The DOE tax-exempt stickers shall be as follows:

a. 10.16 cm x 13.97 cm sticker (not to scale)
b. 10.16 cm x 27.94 (not to scale)

6. The DOE sticker shall, at all times, remain conspicuously pasted on the imported machinery and equipment. In case of deterioration or damage thereto, the mini-hydroelectric power contractor concerned shall immediately apply with the DOE for a replacement sticker.

7. Any tampering, falsification, misrepresentation or fraud committed in connection with the application or

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affixing of the DOE tax-exempt sticker shall be approximately dealt with under applicable laws and guidelines.

8. The owners of machinery and equipment acquired under Mini-Hydroelectric Power Development Contracts before the effectivity of this Department Circular are hereby given thirty (30) days from the effectivity of the same within which to secure the appropriate stickers from the DOE and, thereafter, to paste or affix said stickers to the above-described machinery and equipment.

9. The mini-hydro contractors shall not sell, transfer, export or dispose of the machinery and equipment, materials and parts which have been imported on a tax-exempt basis, without the approval of the DOE.

In case of sale, transfer or export or other disposition without approval of the DOE, the mini-hydro contractor shall be liable to pay the amount of taxes and duties which have been originally waived in its favor. However, the DOE may allow and approve the sale, transfer or disposition without tax if made to:

a. Another mini-hydro contractor and/or mini-hydro project under a mini-hydro operating contract;
b. For reasons of technical obsolescence and/or due to wear and tear, or;
c. For purposes of replacement to improve and/or expand the operations under the mini-hydro operating contract.

10.This Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Adopted: 15 May 1998

(SGD.) FRANCISCO L. VIRAY
Secretary

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