



15 JUL 2024

MEMORANDUM CIRCULAR NO. 014-2024

TO : LOCAL AIRLINE OPERATORS

SUBJECT : ISSUANCE OF VAT INVOICE FOR THE DOMESTIC PASSENGER SERVICE CHARGE (DPSC) SERVICE FEE

The Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 122-2021 on 14 December 2021 to standardize the tax treatment of integrating the Domestic Passenger Service Charge (DPSC) and International Passenger Service Charge (IPSC), commonly referred to as terminal fees, into airline tickets at the point of sale. The Circular provides that:

"c. Payment of Service Fees by Airport Authority to Airline company

Payment of service fees by Airport Authority to Airline Company shall be governed by the rules on government money payments and be subject to Creditable Withholding VAT (CVAT) at the rate of 5% and Creditable Withholding tax (CWT) of 2% of gross payments. The Airline Company shall issue a VAT- Official Receipt to acknowledge receipt of the service fees from the Airport Authority."

The last paragraph of the Circular also mentioned that should the airline company opt to remit the IPSC to the Airport Authority net of the Service Fees it charged, the same rules as above shall apply. The Airport Authority shall still issue a VAT Invoice to the airline company for the full amount of IPSC and at the same time, the airline company shall likewise issue a VAT Invoice to the airport authority for the service fees.


Anent thereto, all local airline operators are hereby instructed and required to issue VAT Invoice to this Authority for the charging of service fees in relation to collected DPSC as provided under CAAP Memorandum Circular No. 022-17 (series of 2017).

This Memorandum Circular takes effect immediately.

For strict compliance.


CAPTAIN MANUEL ANTONIO L. TAMAYO
Director General
CAA

**CIVIL AVIATION AUTHORITY
OF THE PHILIPPINES
CERTIFIED PHOTOCOPY
(NOT VALID WITH ERASURE/ALTERATION)**

 7-16-2024
MADONNA L. OROCIO
Records Officer II
Central Records and Archives Division

