

MANILA
INTERNATIONAL
AIRPORT
AUTHORITY

MAR 18 2019

MEMORANDUM CIRCULAR NO. 07

Series of 2019

TO : ALL CONCERNED

**SUBJECT : ADDENDUM TO MEMORANDUM CIRCULAR NO. 06,
SERIES OF 2017**

GENERAL

1. Pursuant to MIAA Board Resolution No. 2018-053 dated 20 July 2018 which was published in newspapers of general circulation and Official Gazette thru the U.P. Law Center, the following provisions shall form part of the provisions of Memorandum Circular No. 6 Series of 2017 (Implementing Guidelines on the Integration of the Passenger Service Charge (PSC) Honoring Exemption at the Point-of-Sale of Airline Ticket) for Non-Scheduled/ Special Flights.

DEFINITION OF TERMS

2. As used in this MC, the following terms shall mean:
 - a. AGOSD - Airport Ground Operations and Safety Division.
 - b. AMS - Apron Management Section.
 - c. GAOD - General Aviation Operations Division.
 - d. Fixed Based Operators/ Ground handlers – outsource agent providing ground staff, equipment and document processing with regards to flight operation.
 - e. Non-Scheduled Flights – Inbound/ outbound international or domestic flights not included in the regular schedule of flights at the Ninoy Aquino International Airport.
 - f. Operators – Rotary and fixed wing aircraft operator or airline company.
 - g. Passenger Service Fee (PSC) (also known as Passenger Terminal Fee) – are charges levied on departing passenger either domestic or international.

STATEMENT OF POLICY

3. Non-submission of the required documents stated herein shall mean disapproval of the application for succeeding Non-Scheduled Flight.
4. Any discrepancy, undocumented exemption and/or exemption allowed in violation of the approved parameters shall be charged to the FBO/ Ground handlers or Operators agent.

5. All remittances shall be made in Philippine Peso or US Dollar payable to MIAA when the PSC was collected from the departing passengers.

SYSTEMS AND PROCEDURES

6. The Fix Based Operator (FBO) agents/ Ground handlers and Operators shall submit the following documents to the GAOD or AMS/AGOSD before flight departure:

International Operation

- a. Approved application for Non-Scheduled Flights
- b. Entry/ Exit clearance from the Civil Aviation Authority of the Philippines
- c. General Declaration (outward) with passenger flight manifest, if any.

Domestic Operation

- a. Slot Approval and Flight Plan from the Civil Aviation Authority of the Philippines
- b. General Declaration (outward) with passenger flight manifest, if any.

7. FBO/Ground Handler and Operators has the option to pay in advance provided that the requirements are met before the flight.
8. FBO/Ground Handler and Operators shall collect PSC to non-exempt passengers on board the departing aircraft with names appearing in the General Declaration Flight Manifest at the following rates:

- a. International - Php 550.00 inclusive of 12% VAT
- b. Domestic - Php 200.00 inclusive of 12% VAT

9. FBO/Ground Handler and Operators shall remit the collected PSC within five (5) working days after the departure of the flight to the:

- Collection Division
G/F MIAA Administration Building
Ninoy Aquino International Airport Complex, Pasay City

REPORTORIAL REQUIREMENTS

10. FBO/Ground Handler and Operators shall submit to MIAA the following certified documents covering everyday remittance:

Remittance Report	Int'l.	Dom
1. Name of Carrier	√	√
2. Period Covered	√	√
3. Total Paying Passenger	√	√
4. Total Non-paying Passenger (Infant & Extra Crew)	√	√
5. Locally Recognized Exempted Passengers	√	
6. Total Amount Collected	√	√

11. The FBO/ Ground handler or Operator's authorized representative shall warrant as to the accuracy of the information provided to the Authority.

STATEMENT OF RESPONSIBILITY

12. The FBO/Ground Handler and Operators shall furnish GAOD a copy of the following daily after every flight:

Domestic Operation

- a. Slot Approval and Flight Plan from the Civil Aviation Authority of the Philippines
 - b. General Declaration (outward) with passenger flight manifest, if any.
13. The AGOSD, AMS, GAOD shall ensure that documents on the Application for Non-Scheduled Flights are approved and attachments are complete before allowing the aircraft to proceed to its destination.
14. A summary of daily Non-Schedule Flights shall be submitted by AMS/AGOSD and GAOD to the Collection Division the day after the operation with the following information:
- a. Operator/FBO/Ground Handler
 - b. Date and time of departure
 - c. Flight number, if any
 - d. Aircraft type
 - e. Destination
 - f. Number of paying and non-paying passenger
15. The Collection Division shall collect all PSC from FBO/ Ground handlers or Operator agents with filled-up remittance report.


PENALTY CLAUSE

16. In case of failure to remit PSC in full amount to the MIAA within the specified time, the FBO/ Ground handler or Operator shall pay MIAA the unremitted amount plus interest equivalent to eighteen percent (18%) per annum.
17. Submission of fraudulent remittance report with intention to defraud the government shall have a surcharge of twenty five percent (25%) of the full amount.
18. Non-remittance of PSC fifteen (15) days after due date shall mean denial entry of Operators/FBO/Ground Handlers agents and ground staff at MIAA premises.

EFFECTIVITY

19. This addendum shall take effect immediately.

For strict compliance


EDDIE V. MONREAL
General Manager



PASSENGER SERVICE CHARGE

International Domestic

Remittance Report

AIR CARRIER:		Period Covered:
1. Total Pax Load		
2. Less: Exempted Pax	Infant / Extra Crew	
3.	Locally-Recognized Exempted Pax	
4. Paying Pax		
5. Amount Collected		
6. Add :	Applicable Taxes on Service Fee	
7. Amount Due		
8. Deposit		
9. Net Amount Due		

PAYMENT DETAILS:

Mode of Remittance		
a. Bank Credit / Telegraphic Transfer		
	Account Name : MIAA for Terminal Fee Remittances	
	Savings Account Number : 0271-1322-39	
	Swift Code : TLBPPHMMXXX	
b. Direct Payment		
	Check Payable to : MIAA for Terminal Fee Remittances	
Signature		Date:
Printed Name		
Contact Details		

This PSC Remittance Report must be accomplished and forwarded to Collection Division, with Details of Remittance and Summary of Locally-Recognized Exempted Passengers.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

July 13, 2012

REVENUE MEMORANDUM CIRCULAR NO. 34-2012

SUBJECT : Clarifying the Tax Implications of Integrating the Domestic Passenger Service Charge at the Point of Sale of Airline Tickets.

TO : The Manila International Airport Authority, All Domestic Airline Operators, Their Agents, All Revenue Officials, Employees and Others Concerned

This Circular is being issued to standardize the procedure for invoicing, recording, and tax treatment of the integration the Domestic Passenger Service Charge (DPSC) in airline tickets and the service fees received by domestic airline companies.

BACKGROUND

In a Memorandum of Agreement dated May 17, 2012, the Manila International Airport Authority (MIAA) and domestic airline companies agreed that the Domestic Passenger Service Charge (DPSC), which was directly collected by MIAA from departing passengers through counters located in the airport terminals, shall be integrated with the sale of airline tickets. As such, the DPSC shall be collected from passengers at the time they purchase airline tickets from airline companies or general sales agents/travel agents. The DPSC shall then be remitted to the MIAA. In turn, the airline companies shall receive service fees from MIAA as compensation for collecting the DPSC on behalf of MIAA.

This Circular shall govern the invoicing and recording of the integrated DPSC in the books of airline companies and airport authorities.

DISCUSSION

The tax implications of the integration of the DPSC are discussed hereunder.

a. Collection of DPSC from passengers

The airline company shall collect the DPSC from passengers and shall include the DPSC in the official receipt to be issued by the airline company to the passenger. The VATable and VAT exempt components of DPSC shall be separately reflected in the official receipt. To illustrate, assume that the cost of the airline ticket is two thousand and sixteen pesos (P2,016.00), inclusive of VAT, and the DPSC amounts to two hundred pesos (P200.00), broken down as follows:

Share of Airport Authority	P 165.18
Aviation Security Fee (ASF)	15.00
VAT	19.82

Total	P 200.00
	=====

The VAT receipt to be issued by the airline company to the passenger should reflect the following:

Airline ticket	P2,016.00
DPSC	200.00

Total	P2,216.00
	=====
VATable sales	1,965.18
VAT exempt sales	15.00*
VAT	235.82**

Total	P2,216.00
	=====

Note: * represents Aviation Security Fee which is exempt from VAT.
** composed of VAT on the airline ticket (P 216.00) and VAT on DPSC (P19.82).

The share of the airport authority in the DPSC should be shown in the airline company's official receipt as part of receipts subject to VAT while the Aviation Security Fee should be reflected as VAT exempt. Lastly, the VAT component of the DPSC should be included in the total VAT.

Moreover, the airline company shall record the receipt of DPSC in its books as follows:

Cash	200.00	
DPSC- Share of airport authority		165.18
DPSC- Aviation Security Fee		15.00
Output tax		19.82

The accounts DPSC- Share of airport authority and DPSC-Aviation Security Fee may be shown in the financial statements as other income/expense.

b. Payment of DPSC by airline company to airport authority

The DPSC collected by the airline company shall be paid to the airport authority, which in turn, shall issue an official receipt to the airline company. The official receipt shall indicate the full amount of the DPSC (i.e., P200 per passenger).

Using the same illustration as above, the VAT receipt to be issued by the airport authority to the airline company should show the following:

DPSC	P 200.00

Total	P 200.00
	=====
VATable sales	P 165.18
VAT exempt sales	15.00*
VAT	19.82**

Total	P 200.00
	=====

Note: * Aviation Security Fee
 ** VAT on the DPSC

The DPSC shall not form part of the gross receipts of the airport authority for purposes of computing creditable withholding taxes.

Furthermore, the airport authority shall take up the remittance of DPSC in its books as follows:

Cash	200.00	
Output tax		19.82
Due to National Gov't.-ASF		15.00
DPSC Income		165.18

On the other hand, the airline company shall record the payment of DPSC in its books as follows:

DPSC- Share of airport authority	165.18	
DPSC- Aviation Security Fee	15.00	
Input tax	19.82	
Cash		200.00

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 withholding VAT at the rate of 5% and expanded withholding tax of 2% of gross payments.

Assuming that the service fee is equivalent to 3.5% of the DPSC, the airline company shall issue a VAT Official Receipt to acknowledge receipt of the service fees from the airport authority and record the following entry in its books to take up receipt of the service fees.

Cash	6.5625	
Expanded withholding tax	0.1250	
Withholding VAT	0.3125	
Service Income		6.25
Output tax		0.75

The airport authority shall make the following entry to record payment of service fees to the airline company.

Service Fees	6.25	
Input tax	0.75	
Cash		6.5625
Expanded withholding tax		0.1250
Withholding VAT		0.3125

Lastly, the entries to record payment/receipt of DPSC, as illustrated in paragraph (a), and entries to take up the receipt/payment of service fees, as shown in paragraph (b) may be consolidated if the actual remittance of DPSC by the airline company to the airport authority is net of the service fees.

All other issuance inconsistent herewith are hereby repealed or modified accordingly.

This Circular takes effect August 1, 2012.

(Original Signed)

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

MEMORANDUM	Security Code:
FILE:	SUBJECT: ADDENDUM TO MEMORANDUM CIRCULAR NO. 6 SERIES OF 2017 (IMPLEMENTING GUIDELINES ON THE INTEGRATION OF THE PASSENGER SERVICE CHARGE HONORING EXEMPTION AT THE POINT-OF-SALE OF AIRLINE TICKET)
FOR: GM	FROM: SAGM DATE: 05 MAR 2019

Jesusa e Bobila 1/22/19
 AGMADCA
[Signature] AGMFA 3/1/19
[Signature] OIC, LEGAL 03/14/19

REFERENCE:

- 1) Draft addendum to Memorandum Circular (Implementing Guidelines on the Integration of the Passenger Service Charge (PSC) Honoring Exemption at the Point-of-Sale of Airline Ticket) (Tab A)
- 2) Secretary's Certificate, certifying Resolution No. 2018-053. (Tab B)
- 3) Memorandum Circular No. 6 series 2017. (Tab C)

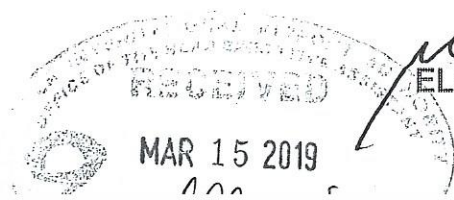
SUMMARY:

- 4) Board Resolution NO. 2018-053 was approved on July 19, 2018. Included in the resolution was the charging of PSC to departing passenger on International/Domestic Non-Scheduled (Special) flights.
- 5) The PSC shall be collected from the passenger by the Operators of Ground handlers /FBO and shall be remitted by Operators of Ground handlers /FBO to MIAA five (5) days after the flight operations.
- 6) The same PSC from International and Domestic commercial flights shall be collected. The same exemption shall be imposed on Non-Scheduled flight passengers.
- 7) Reportorial requirements were included in the MC.

RECOMMENDATION:

- 8) For approval of item no. 1. (Tab A)


 GM APPROVED/DISAPPROVED



[Signature]
 ELENITA M. FERNANDO

MEMORANDUM	Security Code.:	
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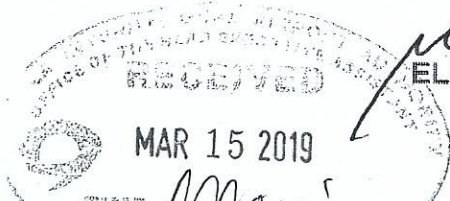
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- 8) For approval of item no. 1. (Tab A)


 GM APPROVED/DISAPPROVED


[Signature]
 ELENITA M. FERNANDO