REVENUE MEMORANDUM CIRCULAR NO. 64-2019 issued on June 18, 2019 clarifies the issuance of Delinquency Verification Certificate (DVC) for claims for Value-Added Tax (VAT) Credit/Refund.

Revenue Memorandum Circular (RMC) No. 47-2019 states, among others, that, upon filing of the claim for VAT Credit/Refund, the taxpayers shall have no outstanding tax liabilities as defined in Revenue Memorandum Order (RMO) No. 11-2014. These liabilities are Accounts Receivable/Delinquent Account (AR/DA), which refer to the amount of tax due from a taxpayer who failed to pay the same within the time prescribed for its payment arising from:

a. Self-assessed tax liability as follows:
   - Dishonored check (check used to pay the tax liability but was later dishonored by the concerned depository bank of the delinquent taxpayer);
   - Tax due per return filed by taxpayer who failed to pay the same within the time prescribed for its payment; and
   - Non-payment of the 2nd installment due from individual taxpayers who availed of installment payments of Income Tax.

b. Deficiency assessment issued by the BIR, which became final and executory due to any of the following applicable instances:
   - Failure to file a request for reinvestigation/reconsideration within thirty (30) days from the receipt of the Final Assessment Notice (FAN);
   - Failure to submit documents in support of the request for reinvestigation within sixty (60) days from filing of the request;
   - Failure to appeal to the Court of Tax Appeals (CTA) within thirty (30) days from receipt of the decision denying the request for reinvestigation/reconsideration or in case of inaction on the part of the BIR, from the lapse of the one hundred eighty (180) days from the submission of the required documents;
   - Failure to appeal CTA's decision on the case with the higher court as a result of which the decision became final and executory; and
   - Decision/Resolution by the CTA/Supreme Court (SC) in favor of the BIR which became final and executory.

Based on the foregoing definition of AR/DA, "open stop-filer cases" and deficiency tax assessments which are timely protested, subject of reconsideration/reinvestigation, or pending appeal with the Appellate Division or CTA/SC shall not be considered as AR/DA and, therefore, existence of which shall not prevent the processing of VAT refund.

Only the following offices shall issue the Delinquency Verification Certificate (DVC) to the claimants of credit/refund:

a. For Non-Large Taxpayers:
   - Collection Division of the respective Regional Office and Accounts Receivable Monitoring Division (ARMD)

b. For Large Taxpayers:
   - Large Taxpayers Collection Enforcement Division and ARMD (for large taxpayers under the jurisdiction of the Large Taxpayers Service in the National Office)
   - Large Taxpayers Division-Cebu/LT Division-Davao and ARMD (for large taxpayers under the jurisdiction of Large Taxpayers Division-Cebu or Davao, wherever is applicable)

The official DVC format for claims for VAT credit/refund is prescribed as Annex A of the Circular. The concerned offices shall not issue any format that deviates from the prescribed format.

As indicated in the prescribed format, the DVC shall be valid for six (6) months from the date of issue and shall not be used on sales/transfer of real properties.

If there is no outstanding tax liability or if the assessed tax liability is under protest/appeal, or if there are “open-stop filer cases”, the box that will be checked is that which indicates “HAS NO DELINQUENT TAX LIABILITY”. Thus, there is no need to state the details of the said cases on the DVC.