

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

January 8, 2013

REVENUE MEMORANDUM CIRCULAR NO. 5-2013

Subject : Publishing the Full Text of Joint Circular No. 5-2012 dated October 31, 2012 of the Department of Finance (DOF), Department of Budget and Management (DBM) and Bureau of Customs (BOC) Entitled Joint Guidelines Implementing the Special Provision of the General Appropriations Act on VAT Refunds on Importation

To : All Revenue Officials, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Joint Circular No. 5-2012 dated October 31, 2012:

**“JOINT CIRCULAR NO. 5-2012
(Joint Guidelines Implementing the Special Provision
of the General Appropriations Act on VAT Refunds on Importation)
October 31, 2012**

Section 1. *Background.* This Joint Circular is issued in compliance with the provisions of Paragraph 4, Special Provision No. 2, Budget of the Bureau of Customs (BOC) under Republic Act (R.A.) No. 10155 or the FY 2012 General Appropriations Act (GAA), requiring issuance of guidelines jointly by the Department of Finance, Bureau of Customs and Department of Budget and Management to govern the refund of input value-added tax (VAT) on importations attributable to zero-rated transactions under Section 112 of R.A. No. 8424, as amended.

Section 2. *Coverage.* These guidelines shall cover all claims for refund of input VAT on importations attributable to zero-rated transactions under Section 112 of the National Internal Revenue Code (NIRC) of 1997 or R.A. No. 8424 (NIRC), as amended, which have been filed or lodged after the date of effectivity of this Joint Circular.

Section 3. Responsibilities.

A. Department of Budget and Management (DBM). The DBM shall have the following duties:

1. Budget Preparation

Ensure that the funding requirements for the tax refunds provided hereunder are included in the National Expenditure Program based on the amount requested by the BOC, as endorsed by the Department of Finance, subject to the provisions of the annual budget preparation guidelines issued by the DBM.

2. Budget Execution

2.1 Ensure the timely release of the Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) upon receipt of the Special Budget Request duly endorsed by the BOC Commissioner or his authorized representative pursuant to DBM Circular Letter No. 99-9 dated 23 August 1999, together with the following supporting documents:

2.1.1 Copy of the Tax Credit Committee Resolution duly signed by its members;

2.1.2 List of Claimants as determined by the BOC based on its existing records signed by the BOC Commissioner or his authorized official together with the Waiver (Annex "A"); and

2.1.3 Monthly Cash Program.

2.2. Return immediately those requests not supported by the complete documentary requirements enumerated above

B. Department of Finance (DOF). The DOF shall favorably endorse to the DBM, BOC's request for funding or any necessary adjustments therein during the budget preparation.

C. Bureau of Customs (BOC). The BOC shall have the following responsibilities:

1. The BOC shall make sure that the supporting documents are complete, as follows:

- 1.1 Copy of claimant's application for VAT refund pursuant to Sec. 112 of the NIRC, as amended;
 - 1.2 Bureau of Internal Revenue (BIR) endorsement to the BOC containing the BIR's determination of the validity of the claim for the VAT refunds on importation pursuant to Section 112 of the Tax Code, as amended, and issue the authority for the BOC to issue the refund;
 - 1.3 Original or certified true copies of the Import Entry and Internal Revenue Declarations (IEIRDs)/Bureau of Customs Official Receipts (BCORs) evidencing payment by claimant of the duties and taxes it paid on its importations subject of the claim;
 - 1.4 Certification from the Chief Accountant, Revenue Accounting Division (RAD), of the payments made by the applicant;
 - 1.5 Certification/Clearance from the Collection Service attesting that claimant has no outstanding account with the BOC; and
 - 1.6 Indorsement from the Accounting Division, Financial Management Office (FMO), of the computation of the final amount of refund due the applicant.
2. The BOC shall separately submit to the DBM, the House Committee on Appropriations, and the Senate Committee on Finance, either in printed form or by electronic means, quarterly reports on the utilization of the amount appropriated for the payment of tax refunds, and ensure that said reports are likewise posted on its official website.
 3. The BOC shall verify the authenticity of the BIR endorsement with authority to issue the refund on input VAT on importations. Further, the BOC shall validate actual receipt of payments from the importer in compliance with the requirements of the Commission on Audit.

Section 4. *Procedures.* The procedures for the refund of VAT claims shall be governed by relevant rules and regulations to be issued by the BOC.

Section 5. *Treatment of Pending Applications.* Applicants whose tax credit certificates have yet to be issued (after they have signified their

preference for the same) at the time of the effectivity of this Joint Circular, will be given the option to apply for refund instead.

Section 6. *Separability.* In case any provision of this Joint Circular is declared unconstitutional or contrary to law, the other provisions which are not affected thereby shall continue to be in force and effect.

Section 7. *Effectivity.* This Joint Circular shall take effect fifteen (15) days from its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

(Signed)
CESAR V. PURISIMA
Secretary
Department of Finance

(Signed)
FLORENCIO B. ABAD
Secretary
Department of Budget and Management

(Signed)
ROZZANO RUFINO B. BIAZON
Commissioner
Bureau of Customs"

All concerned are hereby enjoined to be guided accordingly and give this Circular a wide publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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