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

April 16, 2019

REVENUE MEMORANDUM CIRCULAR NO. 47 – 2019

SUBJECT : Revised Guidelines and Mandatory Requirements for the Processing and Grant of Value-Added Tax (VAT) Refund Claims Within the 90-Day Period Pursuant to Section 112 of the Tax Code of 1997, as Amended

TO : All Internal Revenue Officials, Employees and Others Concerned

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This Circular is issued to provide uniform guidelines and prescribe the revised mandatory documentary requirements in the processing and grant of VAT refund claims under Section 112 of the Tax Code of 1997, as amended, except claims processed under the jurisdiction of the Legal Service, thereby amending certain provisions in Revenue Memorandum Circular (RMC) Nos. 5-2011 and 17-2018.

I. GENERAL POLICIES

1. Pursuant to Section 2 of Revenue Regulations (RR) No. 26-2018, which amended Sections 4.106-5, 4.108-5, 4.112-1 and 13 of RR No. 13-2018, the time frame to process and grant claims for VAT refund is ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Sections 112 (A) and (B) of the Tax Code of 1997, as amended, up to the release of the payment for the approved amount of the refund.

2. The "Application for VAT Credit/Refund Claims" (BIR Form No. 1914) shall be received by the processing offices, to wit:

   a. For direct exporters, regardless of the percentage of export sales to total sales and whose claims are anchored under Section 112(A) of the Tax Code of 1997, as amended, the claim shall be filed at the VAT Credit Audit Division (VCAD).

   b. For taxpayers engaged in other VAT zero-rated sales (e.g. Renewable Energy Developers and those with indirect exports classified as effectively VAT zero-rated sales) whose claims are anchored under Section 112(A) of the Tax Code of 1997, as amended, the claim shall be filed at the Revenue District Office (RDO) or LT Audit Division having jurisdiction over the taxpayer-claimant.

   c. For taxpayers whose VAT Registration have been cancelled pursuant to Section 112(B) of the Tax Code of 1997, as amended, the claim shall be filed at the RDO or LT Audit Division having jurisdiction over the taxpayer-claimant.

3. Subject to the provisions of Sec. 4.112-1(b) of RR No. 13-2018, the filing of the claim for VAT refund of a VAT-registered person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 106(C) of the Tax Code shall be at the Bureau of Internal Revenue (BIR) office which has jurisdiction over the taxpayer, within two (2) years from the date of issuance of the tax clearance by the BIR.

4. Upon filing of the claim, the taxpayer-claimant shall have no outstanding tax liabilities as defined under Section II(1) of Revenue Memorandum Order No. 11-2014. The following guidelines shall be followed:

    a. Outstanding VAT liability with the BIR may be deducted from the approved refund on the BIR portion[1].

    b. If there is a VAT liability with the BIR and the claim includes refund of input VAT on importations which necessitates endorsement to BOC for processing of the payment, the VAT liability with the BIR must first be settled before filing the application for VAT refund with the BIR.

5. The taxpayer-claimant shall ensure the completeness and authenticity of the documentary requirements upon filing of the application for VAT refund. Failure on the part of the taxpayer-claimant to submit the complete documents in support of the claim shall result in non-acceptance of the applications. Due to the very limited time for processing the VAT refunds, no additional document/s shall be subsequently requested/required from the taxpayer-claimant. Any unsupported claim shall be outrightly disallowed, resulting in full/partial denial of the claim.

6. The person who will sign and file the application for VAT refund, execute affidavit/s and/or such other document/s supporting the claim shall be duly authorized by the taxpayer. The "*Secretary's Certificate*" or "*Special Power of Attorney*" designating/authorizing said representative of the corporate claimant or sole proprietorship/partnership, as the case may be, should be notarized and must be presented to the processing office, together with one (1) valid government-issued Identification Card (ID) of the said authorized representative.

II. DOCUMENTS TO BE SUBMITTED BY THE TAXPAYER-CLAIMANTS UPON FILING OF THE APPLICATIONS FOR VAT REFUND

1. The application/s must be accompanied with complete supporting documents enumerated in the Revised Checklist of Mandatory Requirements (Annex "A.1") for claims filed pursuant to Sec. 112(A) of the Tax Code, as amended, or Checklist of Documentary Requirements (Annex "A.2") for claims filed under Sec. 112(B) of the same Tax Code.

2. The original copies of invoices/receipts for sales and purchases shall be presented together with the photocopies for validation by the assigned Revenue Officers (ROs), which shall be returned to the taxpayer-claimant after stamping "***VAT Refund Claimed***" thereto. Should it not be logistically possible to present the original documents due to its volume, the validation and stamping may be performed at the registered address of the taxpayer-claimants.

[1] As provided under RMC No. 3-2019, circularizing the full text of Joint Circular No. 001-2018 of the Department of Finance, Department of Budget and Management, Bureau of Treasury, BIR, Bureau of Customs (BOC) and Commission on Audit pertaining to VAT refund claims

3. Claims for refund of unutilized input VAT on importation shall be supported with a "VAT Payment Certification" issued by the Revenue Accounting Division (RAD) of the Bureau of Customs (BOC), including the supporting Import Entry and Internal Revenue Declarations (IERD) and/or Single Administrative Document (SAD), Statement of Settlement of Duties and Taxes (SSDT). Only the duly authenticated copies of documents by the BOC shall be accepted for processing and considered in the computation of refundable amount.

4. For the amortized portion of the deferred input VAT on aggregate purchases of capital goods exceeding one million pesos (P1,000,000.00) in a month pursuant to Section 110(A)(2)(b) of the Tax Code of 1997, as amended, the following rules shall apply:

   a. For current claims, the corresponding sales invoices and/or official receipts, including proofs of payment, if qualified as "big ticket" purchase, shall be submitted.

   b. For the amortized deferred input VAT which originated from purchases prior to the period of claim, acceptability of supporting documents is clarified as follows:

      b.1 If the source documents of the capital goods were submitted and verified during the time they were claimed, there is no need to re-submit the same source documents. Instead, the schedule of amortization of deferred input VAT in the approved report will be the basis in determining the amortized portion in the subsequent claims. The copy of the schedule should be authenticated by the head of the processing office by marking "*Certified True Copy from the Original*" on each and every page thereon to clearly show that the purchases have been duly verified in the previous VAT refund claim/s. In this regard, the processing office shall maintain a file for every claimant with amortized input VAT on purchases of capital goods exceeding P1,000,000.00 in a month. The processing office shall compare/reconcile the current amount claimed vis-à-vis the amount indicated in the schedule/s.

      b.2 For claims coming from the amortized portion of the deferred input VAT on importation of capital goods with previous certifications from BOC, such certifications should be marked as "*Certified True Copy from the Original*" by the head of the processing office in addition to the schedules as certified per item b.1 above. However, if no previous certifications were issued, the certification required under Section II(3) of this Circular shall be secured from the BOC.

      b.3 In case the input VAT of capital goods was disallowed due to non-compliance with the invoicing requirements for local purchases or for some other reasons which may warrant absolute disallowance of the corresponding input VAT, the taxpayer-claimant is already barred from claiming the input VAT from the said purchases and should therefore be deducted from the balance of deferred input VAT in the VAT returns.

5. Only the tax returns filed by the taxpayer-claimant, particularly the quarterly and/or Annual Income Tax Returns, the Quarterly VAT Returns and the quarterly VAT return/s showing the deduction of the amount of input VAT sought to be refunded, on or before the date of application of the VAT refund shall be considered in the processing of the claims.

6. The taxpayer-claimant shall attach a notarized sworn certification (Annex “B”) attesting to the completeness of the documents submitted. Accordingly, the claim/s shall be processed based on the documents submitted. The books of accounts and accounting records shall be presented by the taxpayer-claimant upon written request of the assigned ROs. Failure to present the books of accounts and accounting records relevant to the claim/s shall be a ground for denial of the claims.

7. Any of the following shall be acceptable as proof of inward remittance/s:

   a. Copies of bank credit memorandum duly certified by the issuing bank;

   b. Duly signed bank certification/s clearly showing the amount remitted, date of remittance, and the name of the remitter;

   c. Copies of bank statement/s clearly indicating the amount remitted, date of remittance, and the name of the remitter, duly certified by the issuing bank;

   d. Certified copy/ies of passbook, together with the proof that the same belongs to the taxpayer-claimant and any of the documents identified under 7(a) or 7(b); or

   e. Duly certified copies of cash remittances thru non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries (such as but not limited to remittance centers) duly authorized by the Bangko Sentral ng Pilipinas (BSP), where the name/s of the remitter and recipient are duly indicated.

8. For export sale of services, the following documents are valid proofs to establish that the non-resident foreign corporation (NRFC) buyer is not engaged in business in the Philippines:

   a. Original copy of the certification from the SEC that the NRFC buyer is not a registered corporation in the Philippines; and

   b. Consularized copy of the certificate of foreign registration/incorporation/association of the NRFC.

9. For zero-rated sales to companies engaged in international shipping or air transport under Sec.108(B)(4), the taxpayer-claimant is required to submit original copies of the following:

   a. Certification from the appropriate government agency/ies that the client/s, domiciled in the Philippines, is engaged in international shipping or air transport;

   b. Consularized copy of the certificate of foreign registration/incorporation/association of the NRFC; and

   c. Service contracts or such other acceptable documents to prove that the shipping agency/manning agency is dealing with foreign principals and clients that are engaged in international shipping or air transport.

10. Due to the difficulty of securing the consularized document/s, the taxpayer-claimants are required to submit the original copies of the consularized document/s on the first claim, with English translation should the said document/s be written in foreign language other than English. The said document/s shall be kept by the processing office on a separate file, a copy of which shall be attached to the docket of succeeding claims with a duly-signed notation by the head of the processing office that the said documents are faithful reproductions from the original document/s on file.

III. TRANSITORY PROVISIONS

The taxpayer-claimant shall submit the hereunder-listed documents within thirty (30) days from date of filing, non-submission of which within the prescribed period may result in partial or full denial of the application, as the case may be:

1. The required "Certification of VAT Payment" from BOC RAD;

2. Consularized copy of the certificate of foreign registration/incorporation/association of the NRFC for purposes of the claims whose zero-rated sales are anchored under Sections 108(B)(2) of the NIRC of 1997, as amended; and

3. The certifications required for claims whose zero-rated sales are anchored under Section 108(B)(4) of the Tax Code of 1997, as amended, as required under Section II(9) of this Circular.

For VAT refund claims to be filed on June 1, 2019 and thereafter, all documents as required in this Circular shall be submitted upon filing.

All revenue issuances and BIR Rulings inconsistent herewith are hereby considered amended, modified or revoked accordingly.

All internal revenue officials and employees concerned are hereby enjoined to give this Circular as wide a publicity as possible.

(Original signed)
CAESAR R. DULAY
Commissioner of Internal Revenue