

ADVISORY ON CLAIMS FOR VAT CREDIT/REFUND

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BIR REVENUE MEMORANDUM CIRCULAR 5
NO. 71-2023

**Streamlined Guidelines and Mandatory
Requirements for Claims of Value-Added
Tax (VAT) Credit/Refund Except Those
Under the Authority and Jurisdiction of
the Legal Group**

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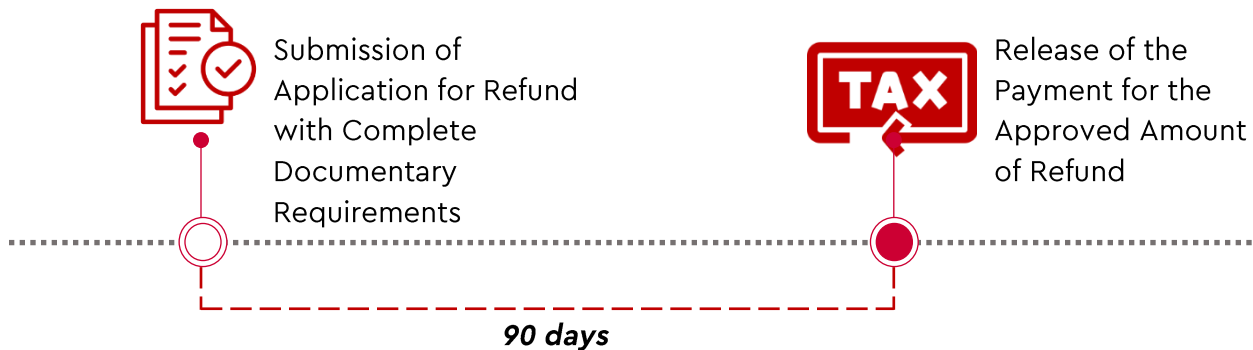
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Streamlined Guidelines and Mandatory Requirements for Claims of Value-Added Tax (VAT) Credit/Refund Except Those Under the Authority and Jurisdiction of the Legal Group

I. GENERAL POLICIES

➤ **TIME FRAME FOR PROCESSING OF VAT REFUND CLAIMS**
(Sec. 2 of Revenue Regulations No. 26-2018)



➤ **JURISDICTION OF APPLICATIONS FOR VAT CREDIT/REFUND CLAIM (BIR FORM NO. 1914)**

TAXPAYER-CLAIMANT	BIR PROCESSING OFFICE/S
<p>A. Direct Exporters, regardless of export sales to total sales, whose claims are anchored under Section 112(A) of the Tax Code, as amended</p> <p><i>Exception:</i> For claims with a mix of VAT zero-rated sales emanating from sales of power or fuel from renewable energy sources¹</p>	<p>➤ VAT Credit Audit Division (VCAD)</p>
<p>B. Claims of taxpayer-claimants:</p> <p>i. engaged in other VAT zero-rated activities, other than above-mentioned direct exports, such as but not limited to renewable energy developers¹ and those with indirect exports, classified as effectively VAT zero-rated sales²</p>	<p>➤ VAT Audit Section (VATAS) in the Regional Assessment Division; or</p> <p>➤ Revenue District Office (RDO), if without VATAS; or</p> <p>➤ Large Taxpayers VAT Audit Unit (LTVAU) of the Large Taxpayers Service (LTS)</p>

¹ Pursuant to Sec. 108 (B) (7) of Tax Code, as amended

² Pursuant to Sec. 112 (A) of Tax Code, as amended

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TAXPAYER-CLAIMANT	BIR PROCESSING OFFICE/S
<p>B. Claims of taxpayer-claimants:</p> <ul style="list-style-type: none"> ii. Whose VAT registration has been cancelled OR changed in the VAT Registration Status to Non-VAT, but with accumulated unutilized input taxes³; and iii. With claims for recovery of erroneously or illegally assessed or collected VAT⁴. 	<ul style="list-style-type: none"> ➤ VAT Audit Section (VATAS) in the Regional Assessment Division; <i>or</i> ➤ Revenue District Office (RDO), if without VATAS; <i>or</i> ➤ Large Taxpayers VAT Audit Unit (LTVAU) of the Large Taxpayers Service (LTS)
<p>C. Taxpayer claimants whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status⁵</p>	<ul style="list-style-type: none"> ➤ BIR Office which has jurisdiction over the taxpayer <p>Note that it should be filed within two (2) years from date of issuance of the tax clearance.</p>

➤ **CLAIMS FILED BEYOND THE PRESCRIPTIVE PERIOD**
(*Sec. 112 of Tax Code, as amended*)

- Claims filed beyond the two (2) year prescriptive period shall still be accepted, however, it shall be recommended for **outright denial**.

➤ **TAXPAYER-CLAIMANT WITH OUTSTANDING TAX LIABILITIES**

- For taxpayer-claimants with outstanding tax liabilities (final and executory)⁶ **and** evidenced by Delinquency Verification Certificate (DVC), the ensuing approved VAT refund shall be **referred for garnishment** to either fully or partially satisfy the outstanding delinquent tax liability.

³ Pursuant to Sec. 112 (B) of Tax Code, as amended

⁴ Pursuant to Sec. 204 and 229 of Tax Code, as amended

⁵ Pursuant to Sec. 106 (C) of Tax Code, as amended

⁶ As defined under Section II (1) of RMC No. 11-2014

II. DOCUMENTARY REQUIREMENTS

➤ COMPLETENESS OF DOCUMENTARY REQUIREMENTS

- The Taxpayer-Claimant should ensure **completeness and authenticity** of the supporting documents enumerated in the Checklist of Requirements⁷. Only applications with complete documentary requirements shall be received and processed.
- It is only **discretionary and no longer required** for the taxpayer-claimant to submit the documents that can be found/culled from the records of the BIR.⁸
- The taxpayer-claimant shall attach a **notarized sworn certification** (Annex A.1.1) attesting to the completeness of the documents submitted.
- Failure to present, upon written request of assigned ROs, of relevant documents (e.g. books of accounts and records other than the mandatory requirements) may be a **ground for denial of claim**. This rule likewise applies to taxpayer-claimants who ceased operations/closed business.

➤ GUIDELINES ON SPECIFIC REQUIREMENTS

Secretary's Certificate or Special Power of Attorney

- The person who will sign and file the application for VAT Refund, and execute affidavits and other supporting documents attached to the claim should be authorized by virtue of Secretary's Certificate (corporate claimant) or Special Power of Attorney (proprietorship/partnership claimant). The notarized copy of the same and one (1) valid government-issued ID card shall be presented to the processing office.

VAT Payment Certification

- A VAT Payment Certification issued by the Revenue Accounting Division of BOC (BOC-RAD), including the supporting Import Entry and Internal Revenue Declarations (IEIRD)/Informal Import Declaration and Entry or Single Administrative Document (SAD), are required for claims for refund of unutilized input VAT on importation.

⁷ As listed in Annexes A.1, A.2, and A.3, whichever is applicable, of RMC 71-2023

⁸ Pursuant to RA 11032 or the Ease of Doing Business Law

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- Only those appearing in the VAT Payment Certification shall be considered refundable.

Amortized portion of the Input VAT on aggregate purchases of Capital Goods Exceeding One (1) Million Pesos

- **For current claims** – If qualified as "big ticket" purchase, corresponding **sales invoices and/or official receipts, including proof of payments**, shall be required to be submitted and verified.
- **For prior period purchases** –
 - No need to resubmit previously submitted and verified source documents of the capital goods. The **schedule of amortization of deferred input VAT** in the approved report, authenticated by the Head of Processing Office as "Certified True Copy from the Original" will be the basis in determining amortized portion in the subsequent claims⁹.
 - **Photocopies of previous certification from BOC-RAD** shall also be submitted for claims from amortized portion arising from importation of goods.
 - If previous claims were disallowed due to non-compliance with the invoicing requirements for local purchases or some other reasons warranting absolute disallowance, taxpayer-claimant is **barred from claiming the input VAT** from said purchases for current and subsequent claims.
 - For purchases and importation of capital goods made **starting January 1, 2022**, no amortization shall be made. Input VAT shall be claimed in the month of purchase¹⁰.

Tax Returns

- Only filed Quarterly and Annual Income Tax Returns, and Quarterly VAT Returns, showing deduction of the amount of Input VAT sought to be refunded, **on or before the date of application or the issuance of Letter of Authority**, whichever comes first, shall be considered.

⁹ 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

¹⁰ In accordance with Sec. 110(B) of Tax Code, as amended

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Invoices/Receipts of Sales and Purchases

- **If VAT refund is approved** – original copies shall be forwarded to COA, with notice to the claimant of such transmittal. To obtain certified copies of the same, a written request should be filed before the COA at no cost, stating the reason for the request and document/s needed to be certified.
- **If denied** – original copies of invoices and receipts shall be returned to the taxpayer-claimants after stamping "VAT Credit/Refund Processed."

*Source:
Revenue Regulation No. 71-2023*