

Tax Alert No. 41

Contact us:

Alexander B. Cabrera
Chairman & Senior Partner,
concurrent Tax Partner
T: +63 (2) 459 2002
alex.cabrera@pwc.com

Malou P. Lim
Tax Managing Partner
T: +63 (2) 459 2016
malou.p.lim@pwc.com

Fedna B. Parallag
Tax Partner
T: +63 (2) 459 3109
fedna.parallag@pwc.com

Lawrence C. Biscocho
Tax Partner
T: +63 (2) 459 2007
lawrence.biscocho@pwc.com

Carlos T. Carado II
Tax Partner
T: +63 (2) 459 2020
carlos.carado@pwc.com

Roselle Yu Caraig
Tax Partner
T: +63 (2) 459 2023
roselle.y.caraig@pwc.com

Harold S. Ocampo
Tax Principal
T: +63 (2) 459 2029
harold.s.ocampo@pwc.com

Geraldine E. Longa
Tax Partner
T: +63 (2) 459 2038
geraldine.c.esguerra-longa@pwc.com

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.

The following are the documents to be submitted upon filing of the applications for VAT refund:

A. General Requirements

1. Complete supporting documents enumerated in the Revised Checklist of Mandatory or Checklist of Documentary Requirements whichever is applicable.
2. Tax returns filed showing the deduction of the amount of input VAT sought to be refunded, on or before the date of application of the VAT refund.
3. Notarized sworn certification attesting to the completeness of the documents submitted.
4. On the first claim, original copies of consularized document/s with English translation if written in a foreign language other than English. Thereafter, 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.

B. For purchase of goods or services

1. The original copies of invoices/receipts for sales and purchases with the photocopies shall be presented for validation by the assigned Revenue Officers (ROs), which shall be returned to the taxpayer-claimant after stamping "VAT Refund Claimed" thereto.

C. For the amortized portion of the deferred input VAT on aggregate purchases of capital goods exceeding one million pesos (PHP1m) in a month

1. For current claims: the corresponding sales invoices and/or official receipts, including proof of payment, for "big ticket" purchases.
2. For claims that originated from purchases prior to the period of the claim:
 - a. An authenticated copy of 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.
 - b. A certification required under Section II(3) of this Circular shall be secured from the BOC unless there are previous certifications, which would then require such certifications marked as "Certified True Copy from the Original".

D. For export sale of services to establish that the non-resident foreign corporation (NRFC) buyer is not engaged in business in the Philippines

1. Original copy of the SEC certification that the NRFC buyer is not a registered corporation in the Philippines; and
2. Consularized copy of the certificate of foreign registration of the NRFC.

E. For zero-rated sales to companies engaged in international shipping or air transport under Sec.108 (B)(4)

1. Certification from the appropriate government agency that the client/s, domiciled in the Philippines, is engaged in international shipping or air transport;
2. Consularized copy of the certificate of foreign registration/incorporation/association of the NRFC; and
3. 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.

F. For foreign currency remittances

Proof of inward remittance/s such as:

- 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 remittances, and the name of the remitter;
- c. Copies of bank statement/s clearly indicating the amount remitted, date of remittances, and the name of the remitter, duly certified by the issuing bank;
- d. Certified copies of passbook, together with the proof that the same belongs to the taxpayer-claimant and any of the documents identified under (a) or (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.

G. For importation of goods

1. "VAT Payment Certification" issued by the Revenue Accounting Division (RAD) of the Bureau of Customs (BOC) for claims for refund of unutilized input VAT on importation.

For the complete supporting documents, please refer to the Revised Checklist of Mandatory Requirement (Annex "A.1") of this Circular for applications filed in accordance with Sec. 112(A) of the Tax Code and Checklist of Documentary Requirement (Annex "A.2") for claims filed pursuant to Sec. 112(B) of the Tax Code.

