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

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REVENUE MEMORANDUM ORDER NO. 36-2020

SUBJECT : Providing Guidelines and Procedures in the Refund of Erroneously Paid Value-Added Tax (VAT) on Imported Drugs Prescribed for Diabetes, High Cholesterol, and Hypertension as Implemented Under Revenue Regulations (RR) No. 18-2020 Pursuant to Section 204(C) of the Tax Code of 1997, as Amended

TO : All Internal Revenue Officials and Employees Concerned

I. OBJECTIVES

1. To provide uniform policies and guidelines in the processing, verification, approval and payment of claims for refund of erroneously paid VAT on imported drugs prescribed for diabetes, high cholesterol, and hypertension included in the Department of Health – Food and Drug Administration (DOH-FDA) approved list from the effectivity of Republic Act (R.A.) No. 11467 on January 23, 2020 up to July 9, 2020, the effectivity of RR No. 18-2020.

2. To prescribe the documents to be submitted by the taxpayer-claimants;

3. To prescribe the documents to be attached to the VAT refund docket and the required notice to claimants; and

4. To define and delineate the duties and responsibilities of the offices involved in the processing of the said claims.

II. POLICIES AND PROCEDURES

A. Pursuant to Section 204(C) of the Tax Code of 1997, as amended, no credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty.

B. Claims for refund of erroneously paid VAT on importation of drugs prescribed for diabetes, high cholesterol, and hypertension included in the DOH-FDA approved list from the effectivity of R.A. No. 11467 on January 23, 2020 up to July 9, 2020 shall be filed and processed at the respective **Revenue District Offices (RDOs)** or at the **Large Taxpayers Audit Division (LTAD)** under the Large Taxpayers Service (LTS) where the taxpayer-claimant is registered.

C. The Revenue Officer/s (RO/s) assigned to receive the documents pertaining to the VAT refund shall ensure that the following documents are complete:

1. 3 Copies of Application for Tax Credit/Refund (BIR Form No. 1914);
2. Copy of payment of Annual Registration Fee for the period of claim;
3. Latest General Information Sheet duly received by SEC for corporate claimants;
4. Copy of the monthly VAT declaration or quarterly VAT return, duly certified by the BIR Office where the claimant is registered (except for returns filed through eFPS) corresponding to the period of claim;
5. Sworn statement by the claimant certifying that:
   a. The VAT paid on imported items have not been reported and claimed as input tax credit in the monthly VAT declarations and quarterly VAT returns pursuant to Section 110 of the Tax Code of 1997, as amended, for purposes of computing the VAT payable; and
   b. The company did not file any and/or will not file any similar claim with another BIR office and/or the BOC.
6. Delinquency Verification Certificate:
   a. For non-Large Taxpayers: (1) Collection Division of the respective region and (2) Accounts Receivable Monitoring Division
   b. For Large Taxpayers (LT): (1) LT Collection Enforcement Division (CED)/LT Division Cebu/Davao and (2) Accounts Receivable Monitoring Division
7. Notarized Secretary's Certificate (for corporate claimant)/Special Power of Attorney (for individual claimant) stating the authorized representative/s to file, sign documents on behalf of the company and/or follow-up VAT refund claims together with at least one (1) valid government-issued ID with specimen signatures;
8. Schedule of importations for the period of claim with details conforming to the format prescribed in Annex "A.1", corresponding to the amount sought to be refunded;
9. Schedule of importations corresponding to the amount of input VAT claimed per monthly VAT declarations/quarterly VAT returns conforming to the format prescribed in Annex "A.2" to prove that the VAT paid on importations enumerated in the preceding item have not been utilized as input VAT in the monthly VAT declarations/quarterly VAT returns;
10. VAT Payment Certification issued by the BOC Revenue Accounting Division;
11. Copies of Import Entry and Internal Revenue Declarations (IEIRD) and/or Single Administrative Document (SAD), Statement of Settlement of Duties and Taxes (SSDT) duly authenticated by the BOC, arranged in accordance with the schedule required under Annexes "A.1" and "A.2"; and
12. Copies of Commercial Invoices arranged in accordance with the schedule required under Annexes "A.1" and "A.2".

D. Processing and Verification of Claims

1. The head of the processing office shall issue Tax Verification Notices (TVNs) in the verification of claims for VAT refund under this Order. The TVNs shall be manually issued until such time that the Tax Verification Notice Monitoring System (TVNMS) and the Case Management System (CMS) are fully operational. This process shall not be construed as a regular tax audit/investigation; hence, the concerned investigating office having jurisdiction over the taxpayer-claimant in the Regional or National Office may issue subsequently an electronic Letter of Authority (eLA) against the taxpayer-claimant.

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2. The assigned ROs shall ensure that the imported items have not been reported and claimed as input tax credit in the monthly and quarterly VAT returns pursuant to Section 110 of the Tax Code of 1997, as amended, for purposes of computing the VAT payable. This may be established by comparing the imported items appearing in the schedule of importations corresponding to the amount of VAT payments sought to be refunded (Annex "A.1") with the importations included in the schedule corresponding to the amount of input VAT claimed in the monthly VAT declarations/quarterly VAT returns.

3. The processing office shall validate the "VAT Payment Certification" issued by the Revenue Accounting Division (RAD) of the Bureau of Customs (BOC) including the duly authenticated supporting Import Entry and Internal Revenue Declarations (IERD) and/or Single Administrative Document (SAD), and Statement of Settlement of Duties and Taxes (SSDT) submitted by the taxpayer-claimant in support of claims for input VAT on importation. In this regard, the BOC-RAD shall send the scanned copy of the said certification through its dedicated email address to the dedicated email address of the processing office of the Bureau, which shall be indicated in the request of the taxpayer-claimant upon filing with the BOC.

4. For taxpayer-claimants with outstanding delinquent tax liabilities as defined under Section II(1) of Revenue Memorandum Order (RMO) No. 11-2014, the assigned RO/s shall inform the claimant that its outstanding delinquent tax liabilities must be settled prior to endorsement of the memorandum together with the attachments to the BOC. For this purpose, a Certification of the Settlement of Outstanding Liabilities shall be requested from the Collection Division of the Revenue Region or from the LT CED, whichever is applicable, Accounts Monitoring Division and the Appellate Division using the request format and procedures prescribed under RMO No. 29-2014.

5. The RO/s assigned to process the claim shall prepare, submit and/or attach the reports/schedules and documents, ***which shall form part of the complete docket of the claim***, prescribed in Annex "B" hereof.

6. Recommendations on claims for refund of erroneous payment of VAT on importation of drugs prescribed for diabetes, high cholesterol, and hypertension included in the DOH-FDA approved list from the effectivity of R.A. No. 11467 on January 23, 2020 up to July 9, 2020 shall be reviewed, approved and acted upon, regardless of the amount of claim, in the following manner:

   a. The Assessment Division/Office of the concerned Head Revenue Executive Assistant of the LTS shall review the report and the docket containing all documents pertaining to the claim.

   b. The Regional Director/Assistant Commissioner, LTS shall approve/disapprove the recommendation for VAT refund and endorse a copy of the recommendation with a copy of the docket to the BOC for validation and payment, or for any appropriate action.

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7. The result of the evaluation of the VAT refund/credit claim, approved or otherwise, shall be communicated in writing to the taxpayer immediately after approval of the report by the designated approving BIR Official.

III. REPEALING CLAUSE

All revenue issuances or portions thereof inconsistent herewith are hereby amended, modified or revoked accordingly.

IV. EFFECTIVITY

This Order shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue

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