**REVENUE MEMORANDUM ORDER NO. 47-2020** issued on December 23, 2020 consolidates and updates the guidelines and procedures on the processing of claims for Value-Added Tax (VAT) Credit/Refund, except those under the authority and jurisdiction of the Legal Group.

All concerned offices shall prioritize the processing of VAT Credit/Refund claims filed under Section 112 of the Tax Code, as amended, over other claims not requiring the immediate issuance of Tax Credit Certificates (TCCs)/refund checks.

The processing offices authorized to receive "Application for VAT Credit/Refund Claims" (BIR Form No. 1914) are as follows:

a. The VAT Credit Audit Division (VCAD) in the National Office shall receive claims of 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, with the exception of the claims with a mix of VAT zero-rated sales emanating from sales of power or fuel from renewable energy sources pursuant to Section 108(B)(7) of the Tax Code of 1997, as amended;
b. The Revenue District Office (RDO)/Large Taxpayers Audit Division (LTAD) under the Large Taxpayer Service (LTS) where the taxpayer is registered shall receive claims of taxpayers engaged in other VAT zero-rated taxpayers, other than direct exporters, such as renewable energy developers pursuant to Section 108(B)(7) of the Tax Code, as amended, and those with indirect exports classified as effectively VAT zero-rated sales, pursuant to Section 112 (A) of the Tax Code, as amended, and in Section II(2)(a) of this Order;
c. The RDO/LTAD having jurisdiction over the taxpayer-claimant shall receive claims of taxpayers whose VAT registration has been cancelled and those claims for recovery of erroneously or illegally assessed or collected VAT pursuant to Sections 112 (B) and 229, respectively, of the Tax Code, as amended.

Only applications with complete documentary requirements, as enumerated in the Checklist of Requirements (Annexes A.1, A.2, or A.3), whichever is applicable, and which are filed within the prescribed period, shall be received by the authorized processing office.

One of the documentary requirements is the Delinquency Verification Certificate (DVC) prescribed in Revenue Memorandum Circular No. 64-2019 showing that the taxpayer has no outstanding (final and executory) tax liabilities, as defined under Section II (1) of Revenue Memorandum Order No. 11-2014. Hence, the application shall not be accepted if such tax liabilities appear on the DVC, except for outstanding VAT liability which may be deducted from the approved BIR portion of the claim.

Applications where the DVC shows delinquent accounts other than VAT shall not be received. The claimant has to settle first the tax liabilities so that a DVC with no tax liabilities can be issued by the concerned DVC-issuing office. If the delinquent accounts pertain to VAT liability and the amount is lower than the amount of claim on local purchases, the application shall be accepted.

For claims where the outstanding VAT liability has been deducted from the claim, the processing office shall prepare a list of taxpayers whose claims for tax refunds were deducted with outstanding delinquent tax liabilities therefrom and furnish the same to the Revenue Accounting Division (RAD), for claims filed in the BIR National Office, or Finance Division, for claims filed in the Regional Offices, together with the copy of the approved report.

Even if the outstanding liability is VAT but the claim is purely from importations or the claim includes input VAT on importations, and the BIR portion thereof is not enough to cover payment for the VAT liability, the application shall not be accepted unless there is proof that the liability has been paid in full by the taxpayer.

Tax Verification Notices (TVNs) shall be issued by the Head of the processing office to authorize the verification of VAT Credit/Refund claims filed under Sections 112 and 129 of the Tax Code, as amended. The TVNs shall still be manually issued until such time that the Tax Verification Notice Monitoring System (TVNMS)/Case Management System (CMS) are fully operational. The received application shall be encoded in the Tax Credit Refund module under the Internal Revenue Integrated System (IRIS) once the said system is deployed to concerned BIR offices.

Pursuant to Section 112 (C) of the Tax Code, as amended, the time frame to 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. Thus the start of the 90-day period is from the actual filing of the application with complete documents duly received by the processing office.

The claims shall be processed based on the submitted documents, for verification by the assigned Revenue Officer (RO)/Group Supervisor (GS). This process shall not be construed as an audit/investigation; hence, the claimant may be issued subsequently an electronic Letter of Authority (eLA) by an authorized office for that purpose. However, the books of accounts and accounting records that may have relevance to taxpayer's claim may be examined and verified upon request of the assigned RO.

The reports of verification from the processing offices shall be forwarded to the following offices for review prior to approval by the approving official:

a. Tax Audit Review Division (TARD) - for dockets from the VCAD
b. Regional Assessment Division - for dockets from the RDO
c. Office of the concerned Head Revenue Executive Assistant of the LTS - for dockets from LTAD

The following are the revenue officials authorized to approve/disapprove the claims:

| Processing Office | Amount of Claim | Approving Revenue Official |
|---|---|---|
| VCAD | Not more than ₱ 50 Million<br><br>More than ₱ 50 Million up to ₱ 150 Million<br><br>More than ₱ 150 Million | Assistant Commissioner (ACIR) Assessment Service (AS)<br><br>Deputy Commissioner (DCIR) – Operations Group (OG)<br><br>Commissioner (CIR) |
| LTAD under LTS | Regardless of amount | ACIR-LTS |
| RDO | Regardless of amount | Regional Director |

The result of the verification of the claim, whether for approval or denial, shall be communicated to the taxpayer-claimant, which shall be signed by the authorized revenue official and shall be sent by the originating processing office.

Manually-issued TCCs shall be converted by the concerned office to the Tax Credit Refund System in the ITS until any subsequent development upon the rollout of the IRIS.