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

December 22, 2006

REVENUE REGULATIONS NO. 2-2007

SUBJECT : Amending Certain Provisions of Revenue Regulations No. 16-2005, Otherwise Known as the Consolidated Value-Added Tax Regulations of 2005.

TO : All Internal Revenue Officers and Others Concerned.

Section 1. SCOPE. - Pursuant to the provisions of Sec. 244 and 245 of the National Internal Revenue Code of 1997, as amended, in relation to Title IV of the same Tax Code, as last amended by Republic Act (RA) No. 9361, these Regulations are hereby promulgated to amend certain provisions of Revenue Regulations (RR) No. 16-2005, otherwise known as the Consolidated Value-Added Tax Regulations of 2005.

Section 2. VAT PAYABLE. - Sec. 4.110-7 of RR No. 16-2005 is hereby amended to read as follows:

"**SEC. 4.110-7. VAT *Payable (Excess Output) or Excess Input Tax***.

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(b) If the input tax inclusive of input tax carried over from the previous quarter exceeds the output tax, the excess input tax shall be carried over to the succeeding quarter or quarters; Provided, however, that any input tax attributable to zero-rated sales by a VAT-registered person may at his option be refunded or applied for a tax credit certificate which may be used in the payment of internal revenue taxes, subject to the limitations as may be provided for by law, as well as, other implementing rules."

Section 3. EFFECTIVITY. - These Regulations shall take effect immediately and shall apply to the quarterly VAT returns to be filed after the effectivity of RA No. 9361 except VAT returns covering taxable quarters ending earlier than December, 2006.

(Original Signed)
MARGARITO B. TEVES
Secretary
Department of Finance

Recommending Approval:

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue