

**VERIFICATION PROCEDURES FOR SALES OF GOODS**  
**[For Claims Filed Under Section 112 (B) of the Tax Code, As Amended]**

The assigned Revenue Officer shall:

1. Compare each category and amount of sales in the quarterly VAT returns, audited financial statements and general ledger with the classification and amount declared in the application for VAT credit/refund. Identify and reconcile discrepancies noted to determine taxable and exempt transactions, which will be subject to output tax or allocation of input tax.
2. Check the correctness of the submitted schedules and completeness of the supporting documents through the following procedures:
  - a. Check the accuracy of the details in the schedule against the sales invoices issued for all types of sale and for zero-rated sales, to include proofs of inward remittances of foreign currency representing proceeds from zero-rated sales.
  - b. Match the amounts of exempt sales and taxable sales per schedule with those reflected in the VAT returns, and determine if the amount of output tax reflected has been correctly computed.
  - c. Verify totals of zero-rated, exempt and taxable sales as a basis for allocation of input taxes not directly identifiable with each category of sales.
  - d. Ascertain if the proceeds from zero-rated sales were paid for, in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP) by verifying the supporting bank credit memo, bank certifications, taxpayers' passbook or any document issued by the bank to prove the inward remittance of foreign currency from the zero-rated sales.
3. Determine compliance with invoicing requirements by:
  - a. Verifying the Authority to Print (ATP) of the receipts/invoices or approved Permit to Use Computerized Accounting System issued by the office where the taxpayer is registered;
  - b. Checking the issuance of sale invoices in accordance with Section 113(B) of the Tax Code, as amended, and RMO No. 12-2013 and/or existing issuances; and
  - c. Ascertaining the issuance of sales invoices for VATable sales, zero-rated sales and exempt sales by taxpayers with mixed transactions in compliance with the invoicing requirements under Section 113 of the Tax Code of 1997, as amended.

4. Ensure that all issued sales invoices are accounted for, including those issued by branches. Take down any break in the sequence of the serial numbers of issued invoices and ask the taxpayer to account for the missing numbers. In case of cancellation, look for the original copy and note in the working papers the cancelled invoices, as well as those which are unaccounted.

Determine if the unaccounted invoices pertain to local sales which should be subject to output tax.

5. Ascertain violation of invoicing requirements that should be imposed the compromise penalty under RMO No. 7-2015 and/or existing issuances.
6. Determine any "deemed sales" as defined in Section 106(B) of the Tax Code, as amended, and deduct the corresponding output tax from the claim, where applicable.
7. Check if transactions with "Statements of Account", "Delivery Receipts" Collection or Acknowledgment Receipts and Debit Notes have corresponding issued sales invoices and recorded as sales. Any supplementary documents such as these without sales invoices should be verified if they are sales subject to output tax, which has to be deducted from the claim.