

REVENUE MEMORANDUM ORDER NO. 41-2020 issued on December 1, 2020 clarifies the policies and procedures governing the processing of claims for Value-Added Tax (VAT) refund of Resident Foreign Missions (RFMs), their qualified personnel and the personnel's dependents, amending for this purpose Revenue Memorandum Order (RMO) No. 10-2019 and other pertinent revenue issuances.

All business establishments are directed to honor and recognize the VAT Certificate or VAT Identification Card issued by the BIR to the RFMs, their qualified personnel and the personnel's dependents when presented by them at the point of sale, irrespective of whether the purchase was made online, and to accord them the VAT exemption privileges to which they are entitled, following the procedures cited under paragraph V(B) of RMO No. 10- 2019.

Since the RFMs, their qualified personnel and the personnel's dependents are not VAT-registered taxpayers, the VAT invoice/official receipt that must be presented when claiming VAT refunds need not contain the name, address and TIN of the purchaser. However, to verify that the purchases are official in the case of the RFMs or personal in the case of the RFM's personnel and his/her qualified dependents, the purchaser must present an invoice/official receipt, be it manual, electronic, loose-leaf or generated from a BIR-registered CRM/POS that is capable of encoding the information of the buyer in the invoice/receipt (tape receipt/invoice), containing at least the name of the purchaser for cash transactions.

The BIR would also consider as sufficient evidence any tape receipt/invoice issued by the business establishment reflecting the claimant's name through the use of membership/loyalty card. The personal information reflected in the sales invoice/official receipt must be sufficient to establish the identity of the claimant.

For credit transactions, a tape receipt/invoice generated from a BIR registered CRM/POS that is not capable of encoding the purchaser's information would suffice, provided the transaction is supported by a credit card slip issued by the business establishment upon purchase and statement of account issued by the bank to the credit card holder.

If the transaction is on cash basis and the CRM/POS is not capable of encoding the purchaser's information, the business establishments shall issue a manual receipt, in lieu of the tape receipt, bearing the purchaser's information. In this regard, the business establishments shall always keep and maintain BIR-registered manual receipts/invoices.

For online transactions, the claimant must likewise secure the same receipts as discussed above. The claimant is advised not to transact with business establishments that cannot issue BIR-registered receipts/invoices.

The documentary requirements for each application or claim for VAT refund for purchase of goods and services, including lease of property, and purchase of motor vehicle are specified in the Order.

With respect to utility charges associated with the leased premises, the claimant must present an official receipt issued under its/his/her name. For this purpose, the utility companies are instructed to issue a receipt bearing the name of the claimant upon presentation of the duly executed contract of lease. However, if the utility charges are paid via credit card and other online payment platforms (e.g. GCash, PayMaya, etc.), the

presentation of the proof of payment and the statement of account, if applicable, would already suffice.

The procedures for the processing of claims for VAT refund of RFMs, their qualified personnel and the personnel's dependents are specified in the Order.

All concerned revenue officials and employees are enjoined to act on all claims for VAT refund of RFMS, their qualified personnel and the personnel's dependents within the period specified in the Order. Failure to act on the claim for VAT refund within the prescribed periods shall be a ground for administrative disciplinary action.

Moreover, failure of business establishments to issue a manual receipt when requested by the purchaser shall be tantamount to refusal to issue receipt or invoices, which is punishable under Section 264 of the Tax Code.

Upon the effectivity of this Order, all pending applications for VAT refund shall be processed following the procedures set forth under this Order. All claims for refund previously denied for failure to comply with the invoicing requirement, i.e., the sales invoice/official receipt does not bear the name of the taxpayer but may be supported by credit card slips or statement of account, shall be allowed to be re-filed, provided that the re-filing thereof is still within the 2-year prescriptive period set forth under Section 229 of the 1997 Tax Code, as amended.