

VERIFICATION OF CLAIMS FILED UNDER SECTION 112(B) OF THE TAX CODE, AS AMENDED

1. The assigned Revenue Officer/s shall:
 - a. Familiarize with the business of the taxpayer and determine the economic activity in which he/it is engaged in, whether sale of goods, properties, services and other lines of business aside from the principal undertaking, based on the VAT returns, financial statements and other sources within the Bureau and through on-line facilities.
 - b. Ascertain the legal basis of the claim.
 - c. Request for the Audited Financial Statements covering the period of claim and analyze the same to determine the accounting method of sales and income recognition, accounting period, input tax existence in the asset account, sources of input taxes, related-party transactions and other relevant information.
 - d. Conduct interviews, where necessary, with responsible and authorized finance, accounting, sales and other personnel to further familiarize with business operations related to sales and purchases, as well as other activities that may relate to the claim.
 - e. Perform verification procedures for sales of goods in Annex "D.2".
 - f. Perform applicable verification procedures for sales of services in Annex "E".
 - g. Perform applicable verification procedures for purchases and input tax in Annex "F".

2. If investigation was conducted for the taxable year(s)/period(s) covered by the claim, the RO shall refer to the report(s) corresponding audit to determine if the input taxes being claimed had been applied against the deficiency VAT or the input tax carried over from the previous period had been disallowed.

3. In the course of verification of claims, the RO with the approval of the head of office and upon recommendation of the GS, shall:
 - a. Recommend deduction from the claim such amount that may lead to the imposition of output VAT based on the submitted documents.
 - b. Disallow input taxes which had been offset against VAT liability arising from audit findings and input taxes carried over from previous year/period which had been disallowed upon audit, as well as input taxes carried over which cannot be supported by suppliers' invoices and/or official receipts.

4. The RO shall prepare a memorandum report recommending the approval/disapproval of the claim for VAT credit/refund for review and preliminary approval of the Group Supervisor and head of the processing office.

5. The head of processing office shall ensure compliance of the time frame per Annex "G" for the verification, processing and submission of the report and complete docket of the claim.

6. In addition to the documents submitted by the taxpayer-claimant, the RO shall prepare, attach and submit, together with the abovementioned memorandum, which shall form part of the docket of the claim, the following:
 - a. Documents Required for the VAT Credit/Refund Claim Docket (Annex "H.2")
 - b. Authority to Issue VAT Refund/Tax Credit Certificate (Annex "I")
 - c. VAT Credit/Refund Notice on Local Purchases (Annex "J.1") or VAT Credit/Refund Notice on Local Purchases and Importations (Annex "J.2"), whichever is applicable
 - d. VAT Credit/Refund Covering Sheet (Annex "K.1/K.2/K.3/K.4")

