

REVENUE MEMORANDUM ORDER NO. 23-2023 issued on June 23, 2023 provides updated guidelines and prescribes the mandatory documentary requirements and procedures in the processing and grant of Value-Added Tax (VAT) credit/refund claims under Section 112, 204(C) and 229 of the Tax Code of 1997, as amended, in line with the latest developments on VAT introduced by Republic Act (R.A.) No. 10963 (TRAIN Law) and R.A. No. 11534 (CREATE Act) except those under the authority and jurisdiction of the Legal Group and shall take effect for VAT refund/credit claims that will be filed starting July 1, 2023.

All offices concerned 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 Tax Credits/ Refunds” (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, pursuant to Section 106(A)(2)(a)(1) and 106(A)(2)(a)(6) for sale of goods and Sections 108(B)(2), 108(B)(4), and 108(B)(6) for sale of services, and whose claims are anchored under Section 112(A) of the Tax Code, as amended, except for claims with a mix of VAT zero-related sales emanating from sales of power or fuel from renewable energy sources pursuant to Section 108(B)(7) of the Tax Code, as amended, in which case, Item 2(b) hereof shall apply.
- b. Claims of taxpayer-claimants (1) engaged in other VAT zero-rated activities, other than direct exports mentioned in section (1)(2)(a) of this Order, such as but not limited to 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; (2) whose VAT registration has been cancelled or change in the VAT registration status to non-VAT but with accumulated unutilized input taxes pursuant to Section 112(B) of the tax Code, as amended; and (3) those with claims for recovery of erroneously or illegally assessed or collected VAT pursuant to Sections 204(C) and 229 of the Tax Code, as amended, shall be filed at the following offices which have jurisdiction over the taxpayer-claimant:
 - The VAT Audit Section (VATAS) in the Regional Assessment Division; or
 - The respective Revenue District Offices (RDO) if without VATAS; or
 - The Large Taxpayers VAT Audit Unit (LTVAU) of the Large Taxpayers Service (LTS)

In all cases, the Revenue Officer (Assessment) designated as Revenue Officer of the Day shall receive claims filed at the aforesaid authorized offices and shall be responsible in checking the completeness of the documentary requirements submitted during filing of the application for VAT refund/credit.

Only applications with complete documentary requirements, as enumerated in the Checklist of Requirements (Annexes A.1, A.2 or A.3, whichever is applicable), shall be received and processed by the authorized processing office. In cases where the taxpayers filed VAT refund claim/s beyond the 2-year prescriptive period required to file under Section 112 of the Tax Code, as amended, the processing officer shall recommend outright denial of the claim/s.

If upon filing or during the processing of the VAT refund claim, the taxpayer-claimant has outstanding tax liabilities (final and executory) as defined under Section II (1) of Revenue Memorandum Order (RMO) No. 11-2014, as evidenced by Delinquency Verification Certificate (DVC) prescribed in Revenue Memorandum Circular (RMC) No. 64-2019 or Annex A of RMO No. 29-2014, the processing/reviewing Office, shall notify the Collection Section of the RDO and Collection Division of the Revenue Region having jurisdiction over the taxpayer-claimant, of the approved VAT refund which may be used or garnished by the BIR to collect either fully or partially for the outstanding delinquent tax liability of the taxpayer-claimant, subject to existing tax laws and revenue issuances on the enforcement and settlement of delinquent accounts.

Where there is a tax delinquency but is pending request for abatement, compromise settlement or other legal remedies under the Tax Code, as amended, and no decision has been rendered by the National Evaluation Board (NEB) or by any authorized approving official of the BIR, the processing of the approved VAT refund/credit may still continue.

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 supporting documents duly received by the processing office.

- a. In proper cases, a credit/refund for creditable input taxes shall be granted within ninety (90) days from the date of complete submission of the application, official receipts or invoices and other documents in support of the application filed in accordance with Sections 112(A) and (B) of the same Tax Code, provided that should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.
- b. In case of full or partial denial of the claim for tax credit/refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: Provided, however, that failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90) day-period shall be punishable under Section 269 of the Tax Code, as amended.

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 Sections 204(C) and 229 of the Tax Code, as amended. The TVNs shall be manually-issued until such time that the Case Management System (CMS) under the Internal Revenue Integrated System (IRIS) is fully operational. The received application shall likewise be encoded in the CMS and Tax Credit Refund modules under the IRIS.

The claims shall be processed and evaluated by the assigned Revenue Officer (RO)/Group Supervisor (GS) based on submitted documents and verification procedures prescribed under Annexes C. 1, C.2 or C.3, whichever is applicable. This process shall not be construed as an audit/investigation; hence, the claimant may be issued subsequently an electronic Letter of Authority (LA) by an authorized office for that purpose.

Verification of the claim shall focus on the validity and existence of the zero-rated sales and related purchases in accordance with the documents submitted by the taxpayer-claimant. However, the books of accounts and accounting records shall be verified by the assigned RO to establish that such sales and purchases are indeed reported in the books of accounts of the taxpayer-claimant. Failure to submit and/or present the requested documents within the prescribed time/period therein stated may result in the full or partial denial of the claim.

The processing offices shall utilize the sales and purchases data available in the Electronic Invoicing/Receipting and Sales Transmission System (EIS) through the EIS for ROS Portal in line with Section 237 and 237-A of the Tax Code, as amended, and as implemented by Revenue Regulations Nos. 82022 and 9-2022.

Any findings that may result in a deficiency on internal revenue taxes, other than VAT, or may indicate a possible VAT assessment that need further documentation and clarification shall be referred to the Revenue District Office or Large Taxpayers Audit Division having jurisdiction over the taxpayerclaimant for further investigation.

A copy of the RO/s' memorandum report and documents pertaining to the findings shall be furnished to the concerned investigating office, which shall evaluate the report/findings referred to them and shall request for the issuance of an eLA, if the case warrants. However, if there is already an existing eLA covering the same period, the concerned investigating office shall also evaluate the findings and report of the processing office, and if they are accepted as valid, the concerned investigating office shall consolidate the findings referred to them with their findings and recommend the issuance of a Notice of Discrepancy/Preliminary Assessment Notice (PAN)/Final Assessment Notice (FAN) for the collection of the deficiency tax. Within fifteen (15) days from receipt of the referral, feedback on the action taken shall be properly communicated to the Assessment Service and the referring processing office.

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 VCAD
- b. Regional Assessment Division for dockets from VATAS and RDO

- c. Office of the concerned Head Revenue Executive Assistant for Programs & Compliance Group of the LTS for dockets from LTVAU

The following are the revenue officials authorized to approve/disapprove the claims for VAT refund/credit pursuant to Section 112 of the Tax Code, as amended:

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

For VAT refund/credit claims anchored under Sections 204(C) and 229, the thresholds set under RMC No. 17-2018 shall be followed, to wit:

Amount of Claim	Approving Revenue Official
Not more than ₱ 10 Million	Regional Director
More than ₱ 10 Million up to ₱ 50 Million	ACIR – AS
More than ₱ 50 Million up to ₱ 150 Million	DCIR – OG
More than ₱ 150 Million	Commissioner (CIR)
Claims filed under the LTS	ACIR – LTS (regardless of the amount)

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

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

Since the original copies of supporting sales invoices or receipts for sales and purchases have been submitted as part of the mandatory requirements in the processing of VAT refund claims under Section 112 of the Tax Code, as amended, the entire tax docket of the claim shall be forwarded to the Commission on Audit (COA) if the claim is approved for refund with notice to claimant of such transmittal.

For claims that have been denied in full, the processing office shall return the original copies of supporting sales invoices or receipts for sales and purchases

to the taxpayer-claimants after stamping "VAT Credit/Refund Processed" to the supporting sales invoices or receipts for purchases. The procedures in the processing and reporting of claims for VAT Credit/Refund except those under the authority and jurisdiction of the Legal Group are specified in the Order.