

REVENUE MEMORANDUM ORDER NO. 23-2024 issued on June 19, 2024 prescribes the guidelines, policies and procedures in the implementation of the risk-based approach in the verification and processing of Value-Added Tax (VAT) refund claims, as introduced in Republic Act No. 11976 (Ease of Paying Taxes Act).

The policies on risk-based verification of VAT refund claims pursuant to Section 112(A) of the Tax Code, as implemented under Section 3 of RR No. 5-2024, shall be strictly followed.

The assigned Revenue Officer/s (RO) of the VAT refund claim shall evaluate and ascertain from the necessary data available (i.e., documents submitted by the taxpayer claimant and including those available in the records/database of the BIR) for purposes of classifying the risk level of VAT refund claims.

The concerned BIR offices that possess the necessary data or information related to the risk factor identified in the matrix shall respond to the processing office/s within five (5) days upon receipt of the request for data from the latter. Requests and responses may be sent electronically via the dedicated email address of the concerned BIR offices.

Inasmuch as there is a 90-day period mandated by law to process VAT refund claims, BIR offices that failed to provide the data within the prescribed 5-day period shall be administratively dealt with pursuant to Section 269(J) of the Tax Code, if such failure or inaction has become the cause of the delay in the processing of the VAT refund claim.

The assigned ROs of the VAT refund claim shall include in their respective working papers the matrix on how the risk level of the VAT refund claim was determined, providing justifications and supporting documentations (if any) and shall follow the scope of the verification of sales and purchases of the VAT refund claims depending on the risk-level identified under Section II (2) of the Order.

The processing offices shall verify the record of VAT refund claims processed for the immediately preceding six (6) years with details of the taxpayer-claimant, amount of claim, period of claim, date of application, amount granted/denied and percentage of disallowance over the amount of claim, among others, which will be used by the assigned ROs in determining the risk-classification of the VAT refund claims.

For taxpayer-claimant filing other than the annual basis (i.e., quarterly, semestral, covering 3 quarters), the risk classification shall be made for every filing.

The processing offices shall furnish the Department of Finance, the BIR Management, and the Commission on Audit, a monthly report on the VAT refund claims processed to include the risk level identified for each taxpayer-claimant.