

REVENUE MEMORANDUM ORDER NO. 25-2024 issued on July 3, 2024 provides guidelines, policies and procedures in the processing of claims for tax credit/refund of excess/unutilized Creditable Withholding Taxes on income pursuant to Section 76(C), in relation to Sections 204(C) and 229 of the National Internal Revenue Code of 1997, as amended (Tax Code), except those under the authority and jurisdiction of the Legal Group.

The Revenue District Office (RDO) and the respective Large Taxpayers Audit Division (LTAD) or Large Taxpayers District Office (LTDO) under the Large Taxpayers Service (LTS) are the processing offices authorized to receive the "Application for Tax Credits/Refunds" (BIR Form No. 1914) for claims under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code.

In all cases, the Revenue Officer (RO) - Assessment designated as RO of the Day shall receive claims filed at the aforesaid authorized office and shall be responsible in checking the completeness of the documentary requirements submitted during filing of the applications for tax credit/refund of unutilized Creditable Withholding Tax (CWT).

Only applications with complete documentary requirements enumerated in the Checklist of Mandatory Requirements attached in the Order shall be received and processed by the authorized processing office. The policies on tax credit/refund pursuant to Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code, as defined under Revenue Regulations (RR) No. 05-2024 shall be strictly followed.

For regular applications or those filed by taxpayers of "going-concern" status who have chosen the option to apply for tax credit or refund the excess income tax in their Annual Income Tax Return (AITRs), the assigned RO shall establish the filing of application for tax credit/refund, which shall be made within two (2) years from the date of filing of the AITR. A return filed showing an overpayment shall be considered as a written claim for tax credit/refund. Provided, that for purposes of the 180-day processing period, the counting shall commence upon submission of the complete documents as prescribed by the BIR in support of the application, which should be submitted within the 2-year prescriptive period.

The income upon which the taxes were withheld must be included as part of the gross income declared in the AITR of the taxpayer-claimant. The fact of withholding is established by a copy of the Withholding Tax Certificate duly issued by the payor (withholding agent) to the payee showing the amount of income payment and the amount of tax withheld. The taxpayer-claimant must be clearly identified as the payee in the Withholding Tax Certificate.

If, upon filing and/or approval of the tax credit/refund claim, the taxpayer-claimant has outstanding tax liabilities (final and executory) as defined under Section II(1) of RMO No. 11-2014, as evidenced by Certification on Outstanding Tax Liability/ies of Taxpayer following the format prescribed in Annex "B" hereof which shall be valid for six (6) months from time of issuance, then, the processing/reviewing/accounting Office, shall notify the Collection Section of the RDO and Collection Division of the Revenue Region or the LT-Collection

Enforcement Division (LTCED), whichever has jurisdiction over the taxpayer-claimant, of the approved Income Tax credit/refund which may be used or garnished by the BIR to collect either fully or partially for the outstanding delinquent tax liability/ies of the taxpayer-claimant, subject to existing tax laws and revenue issuances on the enforcement and settlement of delinquent accounts.

“Stop-Filer Cases” appearing on the records of the taxpayer-claimant shall not be a cause for the delay in the processing of the application for tax credit/refund, but nonetheless, should be resolved independently pursuant to existing policies and guidelines set-forth in RMO Nos. 41-2011 and 28-2012 in order to accord due process in settling open cases and to exercise just enforcement of civil remedies as mandated by the Tax Code.

The processing office shall strictly observe the one hundred eighty (180)-day time-frame to grant in full or in part the claims for tax credit/refund of CWT. The breakdown of the 180-day processing period is prescribed in the Order.

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. Should the authorized processing office deny, in full or in part, the claim for tax credit/refund, the same shall state the legal and/or factual basis for the denial.

In case of full or partial denial of the claim for credit/refund, the taxpayer affected may, within thirty (30) days from the receipt thereof, appeal the decision with the Court of Tax Appeals (CTA).

In case the tax credit/refund is not acted upon by the authorized processing office within the 180-day period, the taxpayer-claimant may opt to: i) appeal to the CTA within the 30-day period after the expiration of the 180 days required by law to process the claim; or ii) forego the judicial remedy and await the final decision of the authorized processing office.

When no decision is rendered within the 180-day period and the taxpayer-claimant opted to seek for a judicial remedy within 30-days from such period, the administrative claim for refund shall be considered moot and shall no longer be processed.

As clearly provided for in Section 10 of the Ease of Paying Taxes (EOPT) Act, amending Section 76(C) of the Tax Code, the processing office/s shall decide on the application and refund the excess taxes within two (2) years from the date of the dissolution or cessation of business. This is an exception to the 180-day processing of tax credit/refund under Section 204(C) of the Tax Code. The 2-year period to decide and refund the excess taxes shall commence from the submission of the “Application for Registration Information Update/Correction/Cancellation” (BIR Form No. 1905) together with the complete documentary set by the BIR for the closure of business and the refund

of excess income taxes due to cessation or dissolution of business under Section 76(C) of the Tax Code.

The assigned RO shall, at all times, establish the fact of withholding, the existence, and veracity of the supporting documents for the CWT claimed starting from the year where the excess tax credits emerged. If any of the taxable years covered have already been subjected to audit of all internal revenue taxes, verification as to whether or not the taxes withheld are included as part of the gross income declared in the AITR of the taxpayer-claimant where the corresponding income is reported may no longer be necessary for the taxable year covered by the LOA. In this regard, the assigned RO shall attach printouts of the result of audit from the Internal Revenue Integrated System – Case Management System (IRIS-CMS), if available, or attach the copies of the Letter of Authority (LOA), result of audit and/or termination letter, if any.

The approved refund, if any, shall be released only after completion of the mandatory audit of all internal revenue tax liabilities covering the immediately preceding year and the short period return and full settlement of all tax liabilities relative to cessation or dissolution of the business and any existing tax liabilities prior to the cessation or dissolution of the business.

Proof of withholding is incumbent upon the taxpayer claiming for the Income Tax credit/refund. No Income Tax refund shall be granted unless the authenticity and veracity of the BIR Form No. 2307 or BIR Form No. 1606, whichever is applicable, is verified. This is without prejudice to the BIR establishing whether the withholding tax payments, which are the source of the claimed creditable taxes have been declared and included in the Alphabetical List of Payees filed by the taxpayer-claimant's respective withholding agents, and that the aforementioned withholding agents have also remitted the corresponding amounts to the government.

The following offices shall be responsible in the processing, review and approval of claims for tax credit/refund filed by the taxpayers-claimants under their respective jurisdictions:

Processing Office	Reviewing Office	Approving Official
RDO	Assessment Division	Regional Director
LTAD/LTDO	Head Revenue Executive Assistant (HREA), LTS	Assistant Commissioner (ACIR), LTS