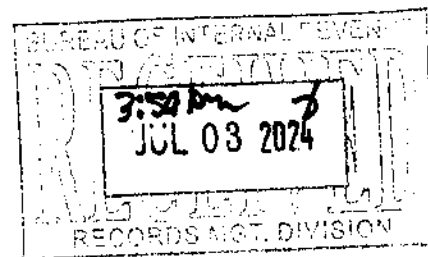




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City



01 JUL 2024

REVENUE MEMORANDUM ORDER NO. 27-2024

SUBJECT : Providing Guidelines, Policies and Procedures in the Processing of Claims for Credit/Refund of Taxes Erroneously or Illegally Received or Collected or Penalties Imposed Without Authority Pursuant to Section 204(C), in Relation to Section 229 of the National Internal Revenue Code of 1997, as Amended (Tax Code), Except Those Under the Authority and Jurisdiction of the Legal Group

TO : All Internal Revenue Officials, Employees and Others Concerned

In accordance with Section 204(C) of the Tax Code, the Commissioner may credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction.

In line with the recently introduced reforms on tax refunds under Republic Act (R.A.) No. 11976, also known as the Ease of Paying Taxes (EOPT) Act, particularly on Section 204(C), in relation to Section 229 of the Tax Code, this Order is issued to provide the following:

1. Uniform policies and guidelines in the processing and grant of claims for the issuance of tax credit certificates or cash refund (tax credit/refund) of taxes erroneously or illegally received or collected or penalties imposed without authority pursuant to Section 204(C), in relation to Section 229 of the Tax Code;
2. Prescribe the documents to be submitted by the taxpayer-claimant;
3. Prescribe the documents to be attached to the tax credit/refund docket and the required notice to claimant; and
4. Define and delineate the duties and responsibilities of the offices involved in the processing of the said claims.

I. GENERAL POLICIES

1. The claims for tax credit/refund pursuant to Section 204(C), in relation to Section 229 of the Tax Code must conform with the following essential requisites:
 - a. The tax credit/refund claim pertains to erroneously or illegally received or collected taxes or penalties imposed without authority.

- b. Filing of a claim for tax credit/refund shall be done within two (2) years after payment of the tax or penalty.
 - c. The erroneously or illegally received or collected taxes must be supported with a copy of the duly filed tax return with the corresponding payment remitted to the Bureau.
2. The processing offices authorized to receive the Application for Tax Credits/Refunds (BIR Form No. 1914) for claims anchored on Section 204(C), in relation to Section 229 of the Tax Code, are as follows:
- a. The Revenue District Office (RDO); or
 - b. The respective Large Taxpayers Audit Division (LTAD) or Large Taxpayers District Office (LTDO) under the Large Taxpayers Service (LTS).

In all cases, the Revenue Officer (RO) - Assessment designated as RO 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 tax credit/refund of erroneously or illegally received or collected taxes.

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

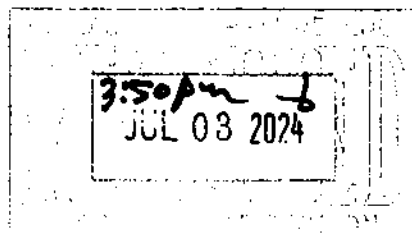
Processing Office	Reviewing Office	Approving Official
RDO	Assessment Division	Regional Director
LTAD/LTDO	Head Revenue Executive Assistant (HREA), LTS	Assistant Commissioner (ACIR), LTS

3. Section 204(C) mandates that the time-frame to grant in full or in part the claims for credit/refund of erroneously or illegally received or collected taxes or penalties imposed without authority is one hundred eighty (180) days from the date of submission of complete documents in support of the application. Hence, the processing offices shall strictly observe the 180-day time-frame to grant in full or in part the claims for tax credit/refund, broken down as follows:

a. Regional Claims

Particulars	Number of Days from Receipt of Application
Investigation/Processing (RDO)	80
Review [Assessment Division (AD)]	40
Investigation/Processing (RDO)*	15
Approval by Regional Director	15
Total No. of Days	150

Note: * Applicable only if there are review findings by AD for compliance by the RDO. Should there be none, the entire 15 days shall be allotted to the review of AD



b. LTS Claims

Particulars	No. of Days from Receipt of Application
Investigation/Processing	110
Review (Office of the HREA-LTS)	20
Investigation/Processing*	10
Approval by ACIR-LTS	10
Total No. of Days	150

Note: * Applicable only if there are review findings by the office of the HREA-LTS for compliance by the LTAD. Should there be none, the entire 10 days shall be allotted to the review of HREA-LTS

c. Time-frame to Process Payment for the Approved Tax Refund Claims

i. Approval is within the Regional Offices Level

Processing Office	Days Allotted
Finance Service/Accounting Division	10
Finance Division	8
Administrative and Human Resource Management Division (AHRMD)	6
Office of the Regional Director	6
Total No. of Days	30

Note: Subject to availability of funds from the Department of Budget and Management (DBM)

ii. Approval is with the LTS

Processing Office	Days Allotted
Finance Service/Accounting Division	25
Administrative Service	5
Total No. of Days	30

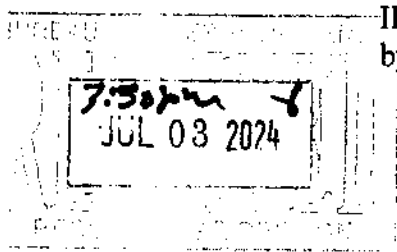
Note: Subject to availability of funds from DBM

4. Only applications with complete documentary requirements enumerated in the Checklist of Mandatory Requirements (Annex "A.1") shall be received and processed by the authorized processing office.

In instances where the taxpayer filed the tax credit/refund claim of erroneously or illegally received or collected taxes beyond the 2-year prescriptive period required to file under Section 204(C), in relation to Section 229 of the Tax Code, the processing office shall recommend outright denial of the claim.

5. If, upon filing and/or approval of the tax credit/refund claim, the taxpayer-claimant has:

- a) Outstanding tax liabilities (final and executory) as defined under Section II(1) of Revenue Memorandum Order (RMO) No. 11-2014, as evidenced by Certification on Outstanding Tax Liability/ies of Taxpayer following the

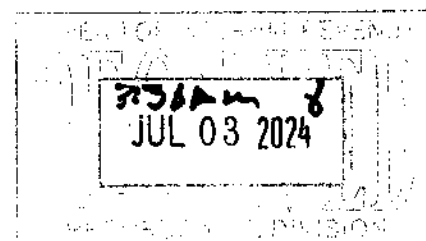


format prescribed in Annex "B" hereof which shall be valid for six (6) months from time of issuance, the processing/reviewing/accounting office, shall notify the Collection Section of the Revenue District Office and Collection Division of the Revenue Region or the LT – Collection Enforcement Division (LTCED), whichever has jurisdiction over the taxpayer-claimant, of the approved tax credit/refund which may be used or garnished by the BIR to collect either fully or partially 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.

- b) "Stop-Filer Cases" appearing on the records of the taxpayer-claimant shall not be a cause for the delay in the processing of the tax 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.

"Stop-Filer Case" refers to a case created by the Return Compliance System due to an identified "stop-filer" or a registered taxpayer who failed to file the required tax return within the prescribed due date, as defined under item II of RMO No. 41-2011.

6. 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 refund, the same shall state the legal and/or factual basis for the denial.
7. The following rules shall govern should the taxpayer-claimant opt to elevate the full or partial denial of the claim to the Court of Tax Appeals (CTA):
- a. 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 CTA.
- b. In case the tax refund/credit 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.
- c. 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.

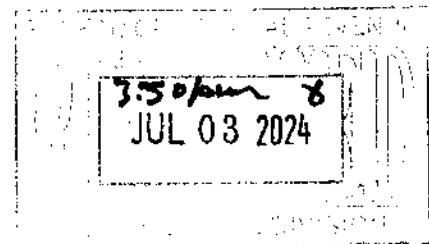


8. The policies on tax refunds pursuant to Section 204(C), in relation to Section 229 of the Tax Code, as defined under Revenue Regulations (RR) No. 5-2024 shall be strictly followed.

II. PROCEDURES

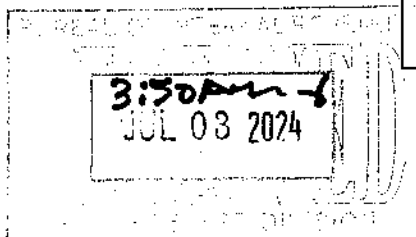
A. Processing Office (RDO/LTAD)

1. **Checklisting.** The assigned "RO of the Day" in the RDO or LTAD/LTDO that has jurisdiction over the taxpayer-claimant shall:
 - a. Check the accomplished Application for Tax Credit/Refund (BIR Form No. 1914) for completeness and propriety;
 - b. Review the attached documents based on the applicable Checklist of Mandatory Requirements to determine if these are complete with the required signatures and sworn statements.
 - c. Ascertain that the name of the signatory appearing on the application form is that of the duly authorized person/representative as shown on the Special Power of Attorney or Secretary's Certificate, as the case may be.
 - d. Stamp "RECEIVED" and sign the BIR Form No. 1914 including the documents submitted, and forward to the Head of processing office for issuance of Memorandum of Assignment.
2. **Issuance and service of electronic Tax Verification Notice (TVN).** To comply with the 180-day processing required under Section 204(C) of the Tax Code, all offices concerned shall prioritize the processing of tax credit/refund claims of erroneously or illegally received or collected taxes or penalties imposed without authority under Section 204(C), in relation to Section 229 of the Tax Code, and the same should not be held in abeyance pending the completion of the audit for all internal revenue taxes (AIRT). The following rules shall be followed:
 - a. The Head of the processing office shall issue an electronic TVN to authorize the investigation of the application for tax credit/refund of erroneously or illegally received or collected taxes or penalties imposed without authority under Section 204(C), in relation to Section 229 of the Tax Code.
 - b. The assigned RO/s shall encode the received application in the Case Management System (CMS) and Tax Credit Refund (TCR) modules under the Internal Revenue Integrated System (IRIS).
 - c. The assigned RO/s shall serve the taxpayer-claimant with the original copy of the TVN and require the acknowledgement of receipt on the duplicate copy from its authorized representative.

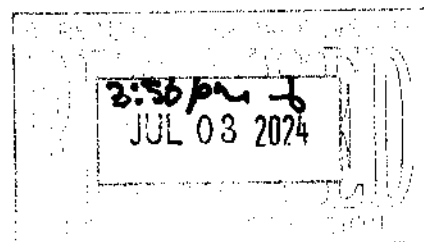


3. **Verification and Reporting.** The assigned RO and Group Supervisor (GS) shall process and evaluate the claim based on submitted documents and investigation procedures prescribed in this Order.
- a. Ascertain completeness and authenticity of the documentary requirements submitted by the taxpayer-claimant, as check-listed by the RO of the Day. Should there be lacking or deficiencies in the documents submitted, this may cause the denial of the claim, either fully or partially.
 - b. Ascertain that the time of filing is within two (2) years after the payment of the tax or penalty as provided under Section 204(C), in relation to Section 229 of the Tax Code.
 - c. Ascertain that the taxpayer-claimant is not included in the list of Cannot-Be-Located (CBL) taxpayers.
 - d. Validate the bank deposit slip, debit memo or proof of payment of the erroneously or illegally received or collected tax submitted by the taxpayer-claimant against the Bureau's information system and/or stand-alone system, as well as the manual collection records of the processing office.
 - e. The assigned RO/s shall secure/print copies of the following documents available at the records/database of the BIR:

Documents to be Verified/Printed	Source/s of Data/Information
Applicable tax return depending on the classification of the tax being refunded or credited	For the BIR Form No 1604-E – IRIS-RFP, eFPS, eBIRForms or ITS. To be requested from RDO/LTS if the tax return is not available from the said systems.
BIR Payment Certification in accordance with the format prescribed under RMO No. 7-2016	Revenue Accounting Division (RAD)/Collection Section, RDO/ Large Taxpayer Document Processing and Quality Assurance Division (LTDPQAD), LT Divisions Davao and Cebu, whichever is applicable or National Office Data Center (NODC)/Revenue Data Center (RDC)
Annual Income Tax Return (AITR) covering the period of claim, if applicable	For the BIR Form No 1604-E – IRIS-RFP, eFPS, eBIRForms or ITS. To be requested from RDO/LTS if the tax return is not available from the said systems
Audited Financial Statement (AFS) for the year covered by the period of claim, if applicable	RDO/LTS, whichever is applicable, or eAFS if claimant submitted through the said facility



- b.1 Only those tax returns filed on or before the filing of the application for credit/refund or the service of the eLA, whichever comes first, shall be considered in the processing of the claim.
- b.2 The assigned ROs may also verify or request other relevant information available in the BIR records.
- b.3 For data/documents requested from BIR offices other than the processing office, either manually or electronically, the BIR office where the data/document/s is/are being requested shall furnish the requesting processing office the requested data/document/s within fifteen (15) days from receipt of such request. Note that this allotted number of days is included to the number of days allotted for the processing office. Hence, BIR offices found to have not complied with the request or have caused the delay in the processing of the tax credit/refund shall be dealt with pursuant to Section 269(J) of the Tax Code.
- b.4 In cases where the authenticity of the documents submitted can be verified electronically or online [e.g., through "quick-response" (QR) codes], the assigned evaluator shall attach to the docket, a printout or screenshot of the result of the verification from the facility hosting the electronic/online system/application with the duly-signed notation that the same has been verified through the said system.
- f. Ascertain that the tax credit/refund claim was not considered as a deduction to the gross income to avoid granting the tax benefit twice. Request for books of accounts and other relevant accounting records, as necessary, to determine recording of the claim and reconcile findings and discrepancies noted.
- g. In the course of the verification of claim, the RO with the approval of the head of the processing office and upon recommendation of the GS, shall:
 - 1. Recommend deduction from the claim such amount that may lead to the disallowance of the tax claimed; and
 - 2. If the taxpayer has a tax liability, the processing Office, shall notify the Collection Section of the Revenue District Office and/or Collection Division of the Revenue Region or the LT-Collection and Enforcement Division having jurisdiction over the taxpayer-claimant, of the approved tax credit/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.
- h. The assigned ROs shall prepare a memorandum report recommending the approval/denial of the claim for tax credit/refund for review and preliminary approval of the GS and Head of the processing office.



- i. The Head of the processing office (Revenue District Officer for those filed in the RDO or the Chief of LTAD/LTDO for those filed in LTS) shall sign the memorandum report recommending the approval/denial of the claim for tax credit/refund. The signature pages should be labeled as follows:

“Recommending Approval:”	“Reviewed by:”	“Approved/Disapproved:”
RDO	Assessment Division	Regional Director
LTAD/LTDO	HREA, LTS	ACIR, LTS

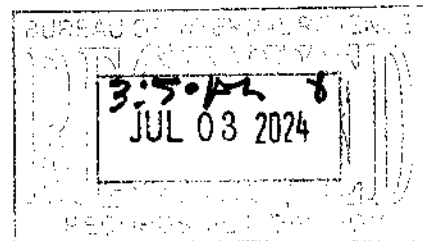
- j. The memorandum report together with the complete tax docket (Annex “C”) shall be forwarded to the respective reviewing office.

B. Reviewing Office (Assessment Division/Office of the HREA-LTS)

1. The RO-Reviewer shall conduct a review of the endorsed docket of the claim, which is recommended for approval/disapproval by the processing office.
2. The RO-Reviewer, GS and Head of the reviewing office shall ensure the correctness of the legal basis of the claim, the propriety of the recommendation, whether for approval or denial/disapproval, correctness of the amount recommended for approval, if any, and the completeness of the documents, schedules and working papers endorsed by the processing office.
3. Upon conclusion of the review, the following shall be followed for the affixture of signatures in the memorandum report:
 - a) **For claims filed in the LTS.** The RO-Reviewer under the respective Office of the HREA shall initial under portion designated for the HREA in case there is concurrence with the amount recommended by the processing office. Should there be review findings that will warrant adjustment to the amount recommended for credit/refund, the reviewing office shall return the tax docket of the claim to the processing office for revision of the memorandum report and/or compliance of the review findings.

The concerned processing office shall prepare the Tax Credit Certificate (TCC), Disbursement Voucher (DV), Budget Utilization Request and Status (BURS), and/or approval/denial letter, whichever is applicable.

- b) **For claims filed in the RDOs.** The RO-Reviewer under the respective Assessment Division shall initial under portion designated for the Chief, Assessment Division in case there is concurrence with the amount recommended by the processing office. Should there be review findings that will warrant adjustment to the amount recommended for credit/refund, the RO-reviewer shall prepare the memorandum report addressed to the Regional Director containing the recommendation based on the result of review and the revised amount to be approved.



The assigned RO-Reviewer shall prepare the TCC, DV, BURS, and/or approval/denial letter, whichever is applicable.

C. Approving Office (Regional Director/ACIR-LTS)

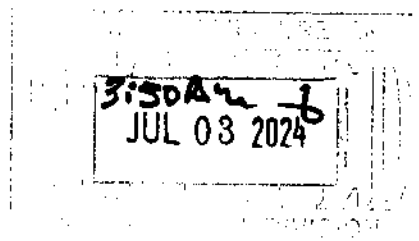
1. The approving official identified in Section I(2) of this Order shall prioritize the final review of the docket and memorandum report recommending approval or denial of the claim.
2. The approving official shall ascertain the correctness of the legal basis of the claim, the propriety of the recommendation, whether for approval or disapproval, and correctness of the amount recommended for approval, if any.
3. Should the approving official find the report in order, the memorandum report shall be signed approved or disapproved.
4. The approving official also shall sign the TCC, DV, BURS, and/or letter for approved claims, or denial letter based on an approved report recommending denial of the claim.
5. The office of the approving official shall return the duly signed documents to the originating processing office, which shall serve the letter or notice to the taxpayer-claimant.

D. Processing and Issuance of TCC/Refund Check

1. For claims approved where the application is for the issuance of a TCC, the assigned RO of the processing office or the RO-Reviewer in the Assessment Division, whichever is applicable, shall prepare the TCC. The RO, GS and Head of Office shall affix their initials on the copies of the TCC other than the original and forward the TCC with the docket to the authorized approving official for signature.
2. If the taxpayer has an outstanding tax liability/ies (OTL), the approved TCC may be utilized to settle said OTL through the application of a Tax Debit Memo (TDM) subject to existing guidelines, policies and procedures set-forth under RMO No. 37-2011. The approved TCC, net of the said OTL, if any, shall then be issued to the taxpayer-claimant. Otherwise, the total amount of the approved TCC shall be used to fully settle the said OTL.

In no case, however, shall a TCC can be used as payment if the OTL refers to those identified under RR No. 5-2000. Nevertheless, the aforementioned OTL shall first be settled through the existing policies and guidelines disclosed under item I.4.b of this Order prior to the issuance of the approved TCC to the taxpayer-claimant.

3. The Accounting Division and Finance Service/Finance Division and Office of the Regional Director shall process and approve the DV and BURS for payment



of the claim based on the approved report and contents of the docket in accordance with existing rules and regulations.

4. The Administrative Service in the National Office/AHRMD in the Regional Office shall prepare and issue the refund check based on the approved voucher in accordance with existing rules and regulations.

E. Reporting

Tax Credit/Refund (TCR) reports shall be submitted to the Assessment Service, Attention: Chief, Assessment Programs Division not later than the 3rd day of each month, to wit:

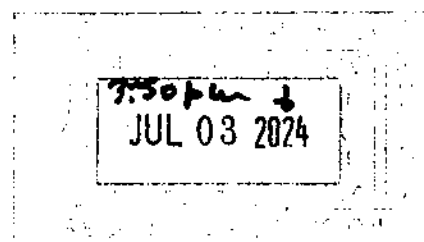
1. From the processing offices – Monthly Report on Claims for Tax Credit/Refund Filed (Annex “K”) and Monthly Report on Tax Credit/Refund Processed (Annex “L”)
2. From the reviewing offices – Monthly Report on Claims for Tax Credit/Refund Reviewed and Acted Upon (Annex “M”)
3. From the approving offices - Monthly Report on Claims for Tax Credit/Refund Approved and Granted (Annex “N”)
4. The duly signed TCR reports by the authorized officials, together with all copies attached to the report in Microsoft Excel, shall be scanned and emailed to apd@bir.gov.ph.
5. In case of issuance of the refund check or TCC beyond the 180-day period mandated under Section 204(C), in relation to Section 229 of the Tax Code, the detailed reason for the delay shall be indicated on the Monthly Report on Claims for Tax Credit/Refund Approved and Granted.

F. Safekeeping of the Tax Docket

1. The entire tax docket of the claim shall be forwarded to the Commission on Audit (COA) if the claim for refund is approved, with notice to claimant of such transmittal. Should there be a need to obtain a copy of the documents endorsed therewith, the requesting party shall submit a written request for a certified copy with the COA stating therein the reason for the request and the specific documents that need to be certified subject to applicable fees as may be imposed by COA.
2. For claims that have been denied in full, tax docket of the claim shall be forwarded to the AHRMD for regional claims or Records Management Division for claims filed with the LTS for file and future reference.

III. TRANSITORY PROVISIONS

All pending applications for tax credit/refund of erroneously or illegally received or collected taxes or penalties imposed without authority pursuant to Section 204(C),



in relation to Section 229 of the Tax Code, that are in the possession of the Revenue District or Regional Offices as of the effectivity of this Order, including those claims which require further review and approval by the National Office pursuant to Revenue Memorandum Circular No. 17-2018, shall no longer be transmitted to the National Office. The concerned Regional Assessment Division shall review said claims prior to transmittal to the Regional Director for approval or disapproval thereof pursuant to Section I(6) of this Order.

IV. REPEALING CLAUSE

All provisions of revenue issuances/memoranda or portions thereof that are inconsistent herewith are hereby amended, modified or revoked accordingly.

V. EFFECTIVITY AND TRANSITORY PROVISIONS

This Order shall take effect fifteen (15) days following its publication in the Official Gazette or posting in the BIR website, whichever comes first.




ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

