

ADVISORY

Subject : Revenue Memorandum Circular No. 47-2019

Headnote : VAT Refund Application for Zero Rated or Effectively Zero Rated Sales and those Retiring Taxpayers

Date : September 5, 2019

On April 16, 2019, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 47-2019 which provides for the uniform guidelines and revised mandatory requirements for the processing and grant of VAT refund application under Section 112 of the 1997 Tax Code, as amended. Taxpayers who can claim VAT refund are the following:

- a. **Those engaged in the sales of goods, properties or services which are zero-rated or effectively zero-rated; and**
- b. **Those whose registration was cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Sec. 106 (C) of the Tax Code.**

Refund applications must be filed within two years from the close of the taxable quarter when the sales are made or from date of cancellation of registration which is the date of issuance of tax clearance by the BIR.

The timeframe in processing and granting of VAT refund application is 90 days from submission of official receipts, invoices, and other supporting documents up to the release of the payment for the approved amount of the refund. Due to limited time for processing of VAT refunds, the taxpayer-claimant should ensure that all supporting documents specified in the RMC including the Revised Checklist of Mandatory Requirements, are complete and true before submitting the same. Failure to submit complete and authentic documents to support the refund claim will result in non-acceptance of the application for refund.

Further, the taxpayer-claimant must have no outstanding tax liabilities upon filing of the application. Any outstanding VAT liability with the BIR may be deducted from the approved refund on the BIR portion. However, if the claim includes a refund of input VAT on importations which necessitates endorsement to the Bureau of Customs (BOC) for processing of the payment, the VAT liability with the BIR must first be settled before filing the application for VAT refund with the BIR.

Application for VAT Credit/Refund Claims (BIR Form No. 1914) shall be filed at the BIR office where the taxpayer-claimant is registered except for direct exporters whose filing shall be made at VAT Credit Audit Division (VCAD) located at the BIR National Office.

For VAT refund claims to be filed on June 1, 2019 and thereafter, all documents as required in the Circular shall be submitted upon filing.

For your reading pleasure, attached herewith is the abovementioned Revenue Memorandum Circular and the relevant annexes.



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UHY M.L. AGUIRRE & CO., CPAS

Unit 1807 Cityland Pasong Tamo Tower
2210 Chino Roces Ave., Makati City, 1230
Philippines

Phone +63 2 555 0834
Mobile +63 9228347966
Email ask@mlaguirre.org

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