

[BOC CUSTOMS MEMORANDUM ORDER NO. 28-2014, December 17, 2014]

PROCEDURE FOR THE CASH REFUND OF INPUT VALUE-ADDED TAX (VAT) ON IMPORTATIONS ATTRIBUTABLE TO ZERO-RATED TRANSACTIONS UNDER SECTION 112 OF REPUBLIC ACT NO. 8424 (NIRC), AS AMENDED

*Adopted: 16 December 2014
Date Filed: 17 December 2014*

Pursuant to Section 608 of the Tariff and Customs Code of the Philippines, as amended, the following procedure is hereby prescribed to facilitate the payment of cash refund of input VAT on importations.

I. OBJECTIVES

- A. To implement the provisions of Executive Order No. 68, as amended, General Appropriations Act FY 2014, Joint Circular No. 5-2012 dated October 31, 2012, executed among the Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), as well as Joint Circular No. 1-97 dated January 2, 1997;
- B. To provide the procedure for cash refund of input value-added tax (VAT) on importations attributable to zero-rated transactions under Section 112 of the National Internal Revenue Code (NIRC), as amended, for which an appropriation has been set aside.

II. COVERAGE

These rules shall cover all claims for refund of input VAT on importations attributable to zero-rated transactions under Section 112 of the NIRC, as amended.

III. Operational Provisions

- A. Upon receipt of the, docket from the BIR approving the claim of a particular importer for refund of the input VAT on his importation, the Tax Credit Secretariat (TCS) shall check that the following supporting documents are attached to the docket forwarded by the BIR:
 - 1. Copy of the claimant's application for VAT refund pursuant to Sec. 112 of the NIRC, as amended;
 - 2. BIR endorsement to the BOC containing its determination of the validity of the claim for the VAT refund on importation pursuant to Section 112 of the NIRC, as amended, with corresponding Authority for the BOC to issue the VAT credit/refund; and
 - 3. Original or Certified True Copies of the Import Entry and Internal Revenue Declarations (IEIRDs), BOC Official Receipts (BCORs) or the

Statement of Settlement of Duties and Taxes, Single Administrative Documents and List of Importations for the period of the claim.

- B. If the supporting documents are found to be complete, the entire docket of the claim shall be endorsed to the Chief, Revenue Accounting Division (RAD) this Bureau for verification of payments of duties and taxes, using Tax Credit or if cash payments, it must have been remitted to the Bureau of Treasury (BTr).
- C. After the receipt of the entire docket from the Chief, RAD and his Certification attesting collection and remittance to the BTr of the payment/s made, the Secretariat shall in turn endorse the docket to the Chief Accountant, Accounting Division, Financial Management Office (FMO) for validation and computation of the amount to be refunded based on the certification of payment issued by RAD, and issue an Evaluation Report thereon.
- D. Upon receipt of the docket from FMO with the corresponding Evaluation Report, the Secretariat shall determine whether the claimant will avail of cash refund or for issuance of TCC.
- E. The Secretariat shall then prepare the corresponding endorsement for signature of the Commissioner or his duly designated Tax Credit Approving Authority authorizing payment of the cash refund or issuance of Tax Credit Certificate based on the amount computed or recommended by the FMO. The signed resolution/endorsement authorizing payment shall be forwarded to the Accounting Division, FMO for preparation of cash refund or issuance of TCC.

IV. Manner of Payment for Cash Refund

- A. The release of cash as payment for refund of VAT on importation shall be subject to availability of funds appropriated for the purpose.
- B. The procedure in budget execution shall be subject to existing budgeting laws, rules and regulations, in consultation with the DBM. To initiate the implementation of the cash refund or monetization program, the procedure prescribed under COA-DBM-DOF Joint Circular No. 1-97-Guidelines for the Transfer by National Government Agencies of all Cash Balances to the National Treasury, dated 2 January 1997, which sets forth the guidelines on the treatment of trust receipts in general, and in particular with respect to the release of funds to cover tax refund, is hereby adopted.
- C. FMO shall open and maintain an MDS-Sub account for trust receipts with an MDS Government Servicing Bank.
- D. RAD shall be responsible for the issuance of a Journal Entry Voucher (JEV) to cause the transfer of fund from General Fund to Trust Fund, and endorse the same to FMO.
- E. FMO shall prepare and make the necessary request to BTr, for BTr's Certification and its JEV to adjust the book on the transfer of fund, to ensure that the amount to be refunded is set aside and available under BOC's trust liabilities account.