



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

January 4, 2019


REVENUE MEMORANDUM CIRCULAR NO. 3-2019

SUBJECT : Publishing the full text of Joint Circular (JC) No. 001-2018 of the Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Treasury (BTr), Bureau of Internal Revenue (BIR), Bureau of Customs (BOC) and Commission on Audit (COA) re VAT Refund Claims

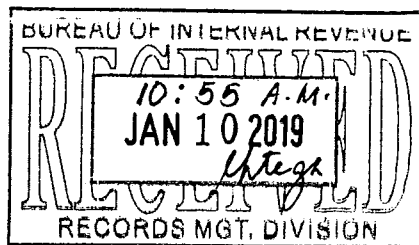
TO : All Internal Revenue Officials, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, attached is the full text of Joint Circular No. 001-2018 of the Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Treasury (BTr), Bureau of Internal Revenue (BIR), Bureau of Customs (BOC) and Commission on Audit (COA) re VAT Refund Claims.

All revenue officials and employees are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.


CAESAR R. DULAY
Commissioner of Internal Revenue

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DEPARTMENT OF FINANCE
DEPARTMENT OF BUDGET AND MANAGEMENT
BUREAU OF TREASURY
BUREAU OF INTERNAL REVENUE
BUREAU OF CUSTOMS
COMMISSION ON AUDIT

JOINT CIRCULAR NO. 001.2018

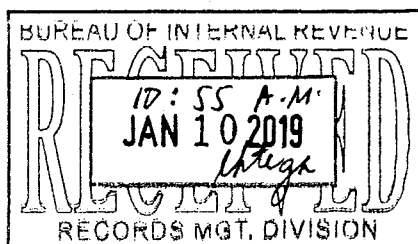
Section 1. Purpose

Pursuant to Sections 31 and 33 of Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion, the amount equivalent to the five percent (5%) of the total Value-Added Tax (VAT) collections of the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) from the immediately preceding year shall be treated as **trust receipts** to cover the payment of VAT refund claims, subject to the guidelines as hereby prescribed.

Section 2. Coverage

This Joint Circular shall cover payment of the following VAT refunds:

- 2.1 VAT refunds solely issued by the BIR pursuant to Section 112 of the National Internal Revenue Code of 1997 (NIRC), as amended.
- 2.2 Import VAT-refunds solely issued by the BOC pursuant to Section 112 of the NIRC.
- 2.3 VAT Drawback on Importations issued jointly by the BOC and the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center pursuant to the provisions on Duty Drawback and Refund of Republic Act 10863, or otherwise known as the Customs Modernization and Tariff Act.



Section 3. Procedures for the Transfer to the Trust Receipt Account

The BIR and BOC shall notify the Bureau of Treasury (BTr), not later than 15th of January of each year, of the initial amount to be transferred from the General Fund to the Trust Account and of the final adjusted amount not later than the last day of February of the current year, which shall be equivalent to the 5% percent of the total VAT collection of the preceding year, as duly reconciled by the collecting agency and the BTr. The letter request from BIR and BOC must be supported by a JEV, recognizing in their books, the amount appropriated for VAT refund under Trust Account.

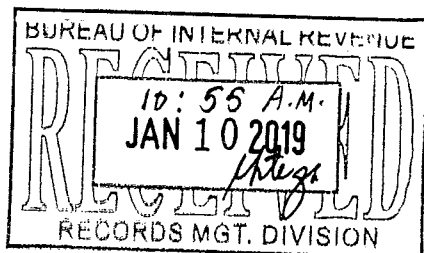
Section 4. Guidelines for the Withdrawal of Deposits from BTr

- 4.1 The request for the issuance of Notice of Cash Allocation (NCA) by BIR and BOC from the Department of Budget and Management (DBM) shall be supported by a JEV and a certificate from the BTr that the corresponding amount is available under the BIR and BOC's respective trust receipt accounts;
- 4.2 The DBM, within five (5) days upon receipt of complete documentation requirements, will prepare and release the NCA which shall be valid in the year of issue, lapse on December 31 of the said year and shall be used only for payment of VAT refunds.

Disbursement shall be made by means of a Modified Disbursement System (MDS) check series.

- 4.2.1 The lapsed/unutilized portion of the NCA shall be reverted to the General Fund. A JEV on the reversion must be furnished to BTr by BIR and BOC on or before the 30th of January of the following year. BTr will then prepare the JEV for the same.
 - 4.2.2 The NCAs issued are to be used only for the disbursement of payments of VAT refunds.
 - 4.2.3. In no case shall an amount be authorized to be transferred to another account with authorized agent banks.
- 4.3 NCA shall be released only for authorized credits to trust account.

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4.4 NCAs, to be coded "308-602", shall be issued using the MDS sub-accounts, subject to the provisions of Section 35, Chapter 5, Book VI of Executive Order 292.

4.5 Disbursement shall be made by means of an MDS check series with the suffixes "308-602".

4.5.1 A separate advice of checks issued and cancelled shall be prepared for the purpose.

Section 5. Duties and Responsibilities.

The following departments and offices shall have the following duties and responsibilities:

5.1 The BIR and BOC, with the concurrence of BTr, shall ensure payments for Tax Refunds described under Section 2 of this Joint Circular.

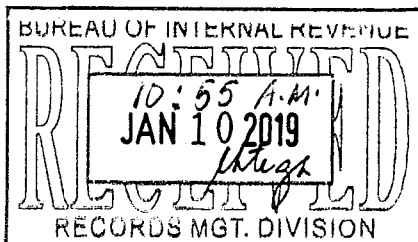
5.2 The BIR and BOC shall ensure and facilitate processing of claims and issuance of checks due to the concerned taxpayer-claimants to the amount of their claim for tax refund, net of any outstanding VAT delinquencies. The procedure of which is stipulated in details in the respective memorandum orders issued by both the BIR and the BOC.

5.3 The DBM shall ensure timely release of the NCA upon receipt of complete documentation requirements from the collecting agencies, in accordance with the guidelines as set forth in section 4 of this Joint Circular.

5.4 The DOF shall deduct the equivalent to five percent (5%) of the preceding year's total VAT collection of BIR and BOC from the revenue targets of BIR and BOC.

Section 6. Reports.

BIR and BOC shall submit to BTr, DBM and DOF a monthly report of actual VAT refund claims and disbursements/utilizations on or before the 8th day of the ensuing month.

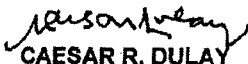



Section 7. Separability

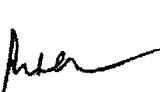
In case any provision of this Joint Circular is declared unconstitutional or contrary to law, other provisions which are not affected thereby shall continue to be in force and in effect.



Section 8. Effectivity

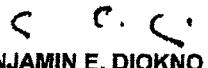

This Joint Circular shall be published in the Official Gazette and in at least two newspapers of general circulation prior to its effectivity starting January 01, 2019.

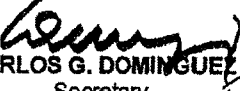


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