



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

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REVENUE MEMORANDUM ORDER NO. 025-2024

SUBJECT : Providing 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

TO : All Internal Revenue Officials, Employees and Others Concerned

Pursuant to Section 58(E) of the Tax Code, as amended by Section 9 of the Republic Act No. 11976, otherwise known as the Ease of Paying Taxes (EOPT) Act, income upon which any creditable tax is required to be withheld at source under Section 57 of the Tax Code shall be included in the Annual Income Tax Return (AITR) of its recipient but the excess of the amount of tax so withheld over the tax due on the AITR shall be refunded subject to the provisions of Section 204(C) of the Tax Code. Under Section 76 of the Tax Code, every corporation liable to tax pursuant to Section 27 of the Tax Code shall file a final adjustment return covering the total taxable income for the preceding calendar or fiscal year. If the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the taxpayer shall either (a) pay the balance of tax still due; (b) carry-over the excess credit; or (c) credit or refund the excess amount paid, as the case may be.

In case the corporation is entitled to a tax credit or refund of the excess income taxes paid during the year, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years. Once the option to carry-over and apply the said excess income taxes paid against the income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered irrevocable for that taxable period and no application for cash refund or issuance of a tax credit certificate (TCC) shall be allowed therefor. This is the irrevocability rule. As an exception to the irrevocability rule, the taxpayers who chose the option to "carry-over" may claim a tax refund provided they have permanently ceased operations as introduced under Section 76(C) of the Tax Code by the EOPT Act.

In line with the recently introduced reforms on tax refunds under the EOPT Act, particularly Section 76(C) 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 TCC or cash refund of excess/unutilized creditable withholding taxes (CWT) on income under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code;

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2. Define the processes and identify the offices or personnel responsible in carrying out the said procedures;
3. Prescribe the documents to be submitted by the taxpayer-claimant; and
4. Prescribe the documents to be attached to the income tax credit/refund docket and the required notice to the claimant.

I. GENERAL POLICIES

1. 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 are as follows:

- a. The Revenue District Office (RDO); and
- 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 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 CWT.

2. Only applications with complete documentary requirements enumerated in the attached Checklist of Mandatory Requirements (Annex "A.1" for taxpayers of "going concern" status or Annex "A.2" for taxpayers undergoing dissolution or cessation of business) shall be received and processed by the authorized processing office.
3. 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.
4. 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 AITRs, the following shall be observed:
 - a. The following requisites shall be established by the assigned RO:
 - i. The filing of application for tax credit/refund 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.
 - ii. 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.

- iii. 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.
- b. If, upon filing and/or approval of the tax credit/refund claim, the taxpayer-claimant has:
 - i. 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, 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.
 - ii. "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.
- c. 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 as follows:

i. 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

ii. 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/LTDO. Should there be none, the entire 10 days shall be allotted to the review of HREA-LTS

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

a. *Approval is within the Regional Office 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

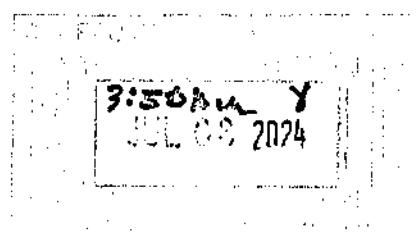
Note: Subject to availability of funds from the Department of Budget and Management (DBM)

b. *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

- d. 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.
- e. 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):
 - 1. 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.
 - 2. 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.
 - f. 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.
5. **Dissolution or Cessation of Business.** – As clearly provided for in Section 10 of the 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.
- a. For purposes of this Order, 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 requirements 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.
 - b. Rules on the verification of CWT claimed from prior years:
 - i. 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; and
 - ii. 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 IRIS-CMS, if available, or attach the copies of the LOA, result of audit and/or termination letter, if any.
 - c. 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.
6. 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

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taxpayer-claimant's respective withholding agents, and that the aforementioned withholding agents have also remitted the corresponding amounts to the government.

7. 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

II. PROCEDURES

A. Processing Office (RDO or LTAD/LTDO)

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 form for Tax Credit/Refund (BIR Form No. 1914) for completeness and propriety;
 - b. Review the attached documents based on the applicable Checklist of 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 Letter of Authority (eLA) and/or Tax Verification Notice (TVN).** Processing of income tax credit/refund under Section 76(C) requires verification of the books of accounts and thorough audit to properly establish the propriety of the tax credit/refund. Hence, in case there is **NO** on-going audit of all internal revenue taxes (AIRT) for the same taxable year covered by the claim, this shall cause the issuance of an electronic Letter of Authority (eLA) by the RDO or LTAD that has jurisdiction over the taxpayer-claimant to cover AIRT for the year covered by the claim.

However, 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 claim/s of CWT on income filed under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code, and the same should not be held in abeyance pending the completion of the audit for AIRT. The following rules shall be followed:

- a. For a taxpayer whose operation is a "going concern", the Head of the processing office shall issue a separate electronic TVN to authorize the verification and processing of claim for tax credit/refund of CWT filed under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code, which shall be assigned to the same RO handling the eLA covering the AIRT.
 - b. For processing of income tax credit/refund under Section 76(C) for a taxpayer who is under dissolution or cessation of business and has unutilized excess income taxes as of the date of filing of the BIR Form No. 1905 for the dissolution or cessation of business, the eLA or TVN, whichever is applicable pursuant to RMO No. 6-2023, issued to authorize the mandatory audit of all internal revenue tax liabilities covering the immediately preceding year and the short period return would suffice.
 - c. The assigned RO shall encode the received application in the Case Management System (CMS) and Tax Credit Refund (TCR) modules under the Internal Revenue Integrated System (IRIS).
 - d. The assigned RO 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. In order to establish the propriety of the claim, the assigned RO shall strictly comply with Annexes "D.1" and "D.2" for the documentary requirements and investigation procedures for processing income tax credit/refund claims pursuant to Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code.
 - b. The assigned RO shall secure/print copies of the documents available at the records/database of the BIR or any other online sources taking note of the following:
 - 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 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 in 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 income tax refund shall be dealt with pursuant to Section 269(J) of the Tax Code.

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- c. The assigned RO shall prepare a memorandum report recommending the approval/denial of the claim for tax credit/refund for review and preliminary approval of the group supervisor (GS) and head of the processing office.
- d. 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:

"Recommendig Approval:"	"Reviewed by:"	"Approved/Disapproved:"
RDO	Assessment Division	Regional Director
LTAD/LTDO	HREA	ACIR, LTS

- e. The memorandum report together with the complete tax docket 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 the 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 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.

During review, if there are any findings that may result in a deficiency on internal revenue taxes, other than income tax, or may indicate a possible income tax assessment that need further documentation, the matter shall be referred to the respective RDO or LTAD having jurisdiction over the taxpayer-claimant for further investigation.

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

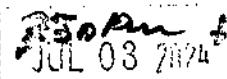
C. Approving Office (Regional Director/ACIR-LTS)

1. The approving official identified in Section I(7) 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 or Tax 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 generate the TCC from the IRIS-TCR. 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 discussed under item 1.4.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 "L") and Monthly Report on Tax Credit/Refund Processed (Annex "M")
2. From the reviewing offices - Monthly Report on Claims for Tax Credit/Refund Reviewed and Acted Upon (Annex "N")
3. From the approving offices - Monthly Report on Claims for Tax Credit/Refund Approved and Granted (Annex "O")
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 76(C) in relation to Sections 204(C) and 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 shall be forwarded to the Commission on Audit (COA) if the application 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 in accordance with Section 30 of PD No. 1445.
2. For the approved application for issuance of TCC and application that have been denied in full, the 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 excess/unutilized CWT on income prior to the effectivity of this Order that are in the possession of the Revenue District or Regional Offices, 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(7) 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

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



ROME O. D. LUMAGUI, JR.
Commissioner of Internal Revenue

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