

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

August 30, 2007

**REVENUE MEMORANDUM ORDER NO. 22-2007**

**SUBJECT :** Prescribing Additional Procedures in the Audit of Input Taxes Claimed on Importations, Amending for the Purpose “Annex B” of Revenue Memorandum Order No. 53-98.

**TO :** All Internal Revenue Officers and Others Concerned.

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**I. Objective**

This Order is being issued to supplement Revenue Memorandum Order No. 16-2007 by prescribing additional procedures in the audit of input taxes arising from the importation of goods and amending for the purpose “Annex B” of Revenue Memorandum Order No. 53-98. This Order is impelled by the observation that the input taxes declared in the VAT returns from importations by importer-taxpayers are actually overstated in such a manner that amounts of input tax credits claimed are much much more than what are actually paid to the Bureau of Customs at the time such imported goods are released from custom’s custody.

**II. Policies and Procedures**

- a. “Annex B” of RMO 53-98 is hereby amended to provide for additional items in the list of requirements from taxpayers and reporting requirements to be prepared and/or to be submitted by the revenue officers/s in the audit of VAT liabilities and is hereto attached as an integral part of this Order.
- b. In addition to the policies and procedures enunciated by RMO 16-2007 in the verification and validation of input taxes on domestic purchases, there is likewise a need to employ similar procedures in ascertaining the legitimacy and factual existence of “big-ticket” items of importation by taxpayers to ensure that only the VAT paid thereon to the Bureau of Customs is the one being claimed for input tax credit in the VAT returns filed by such taxpayers.

For this purpose, “big-ticket” items of importation shall refer to those importations of goods by one and the same importer where the aggregate VAT paid thereon to the Bureau of Customs prior to the release of goods from its custody amounts to One hundred thousand pesos (Php 100,000.00) or more per quarter.

- c. Thus, for “big-ticket” items of importation, revenue officers are directed to fully utilize all the data or information internally available to them in the Integrated Tax System (ITS) database and other files within the BIR to verify and validate that the input tax credits claimed in the VAT returns pertain only to those that have been paid to the Bureau of Customs. If no such data is available internally, initiatives must be taken to coordinate with the concerned officers of the Bureau of Customs for access to data necessary to achieve the objective of cross verification and validation.

In addition to the above, certified photocopies of import entry declarations, sales invoice, and delivery receipt of the seller, official receipt issued by the Bureau of Customs on VAT and customs duties paid, which are pertinent to the “big-ticket” items must be submitted as integral part of the tax docket of the revenue officers.

- d. All procedures in respect to requests for access to data from third parties as well as to the preprocessed RELIEF data of the Bureau available internally to the revenue officers, as prescribed under existing revenue issuances must be observed.
- e. Any irreconcilable discrepancy noted between the declaration of input taxes claimed in the VAT returns and those actually paid to the Bureau of Customs shall be treated as a disallowance and deficiency VAT must be assessed on account thereof.

### **III. Repealing Clause**

All existing issuances or parts thereof which are inconsistent herewith are hereby repealed or amended accordingly.

### **IV. Effectivity**

This Order takes effect immediately.

(Original Signed)  
**LILIAN B. HEFTI**  
OIC- Commissioner of Internal Revenue