RE: CLAIMS FOR REFUND OF VAT ARISING FROM ZERO-RATED TRANSACTIONS, ETC.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/0da505ccd0fc/

I
Scope

This order shall govern the audit of claims for refund or tax credit of value-added tax arising from zero-rated transactions, as well as purchase or importation of capital goods.

II
Administrative Policies

1. That every audit of claim for refund or tax credit shall be covered by a Letter of Authority (LA);

2 That any outstanding delinquent account shall be settled by the claimant before the refund/tax credit certificate (TCC) shall be issued either by agreeing to the issuance of a separate TCC that may be used only to pay the said account or by paying in cash. Under the former, the fact that it shall be used only for the payment of the delinquent account shall be indicated on the face of the TCC. Refund or TCC shall then be issued for the excess of the approved claim over the delinquent account.

Where the delinquent account has been protested, the claim for refund/TCC may be given due course provided that the protest has been filed in accordance with Revenue Regulations No. 12-85. Such fact shall be certified to by the Chief, Receivable Account Division not later than five (5) days from date of referral.

3. That any finding of deficiency internal revenue taxes other than value-added tax and other taxes covered in the LA shall be referred to the proper audit Office.

4. That the 60-day period for the processing of claims for refund/tax credit shall start on the day of submission of the last of the documents specified in the checklist of requirements.

5. That the Tax Credit Certificate (TCC) issued may be used by the grantee or his assignee in payment of any of their direct internal revenue tax liability.

III
Audit Procedures

A. Objectives – To ascertain the refundable/creditable Vat input tax on zero-rated transactions.

B. Pre-audit Steps – Essential to an effective audit is familiarization with:

1. the business organization of the taxpayer, and whether it has business establishments other than its main or head office;

2. the economic activity, whether engaged in the sale of goods or sale or services, etc.

3. the accounting methods and policies, and the degree of internal control, etc.

It may also be necessary to refer to the report of the audit of the value-added tax liabilities of the taxpayer for the immediately preceding period in order to be aware of the deficiencies that were reported, but may have remained uncorrected in the current period under audit.

4. Export sales of non-vat taxpayers should be treated as mere VAT exempt sales (Section 103 (v)). In the case of VAT taxpayer claiming zero-rating treatment under special laws, international agreements or Revenue Regulation (RR) 2-88, prior approval of application is a mandatory condition to entitlement.

5. Determine if the claim was filed within two (2) years

(a)

in the case of export sales, within 2 years from the date of exportation.

(b)

in the case of importation or local purchase of capital equipment, within 2 years after the lapse of 180 days from the last day of the quarter in which the purchase was made.

(c)

in the case of other zero-rated transactions, within 2 years from the date of the transaction.

C. Audit of Sales and Output Tax – Gross Taxable Sale of Goods and Services

1. Reconcile the amount of each category of sales per VAT return with the recorded amount of sales per subsidiary sales journal, including the control subsidiary sales ledger or the general ledger of the head of office, and any subsidiary sales journal for each branch, and with the reported zero-rated sales per application for VAT refund/tax credit (BIR Form No. 2552).

Any discrepancy noted should at once be brought to the attention of the taxpayer for reconciliation/explanation.

2. Review the composition of the sales account in the journals and ledgers and ascertain that:

2.1

Only those transactions which are specifically exempt under Section 103 of NIRC are treated as exempt sales.

2.2

“Deemed” sales of goods are recorded as taxable transactions (Sec. 4 RR 5-87).

2.2.1 Transfer, use, or consumption not in the course of business of goods originally intended for sale or for use in the course of business. Transfer of goods not in the course of business can take place when the VAT-registered person withdraws goods from his business for his personal use;

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2.2.2 Distribution or transfer to shareholders or investors as share in the profits of the business;

2.2.3 Transfer to creditors in payment of debt or obligation;

2.2.4 Consignment of goods if actual sale is not made within 60 days following the date such goods were consigned. Consigned goods returned by the consignee within the 60-day period is not deemed sold; and

2.2.5 Retirement from or cessation of business or death of an individual with respect to inventories of all goods on hand, whether capital goods, stock-in- trade, supplies or materials as of date of such retirement or cessation, whether or not the business is continued by the new owner or successor, estate, or heir. The following circumstances shall, among others, give rise to transactions “deemed sale”:

(i) Change of ownership of business or incorporation of the business in the case of a single proprietorship;

(ii) Dissolution of a partnership and creation of a new partnership which takes over the business, and

(iii) Death of an individual who is a VAT-registered person, even if the estate or heirs of the decedent shall continue to operate the business.

2.3

Sales declared as zero-related actually emanate from export sales, foreign currency denominated sales, and other transactions that may qualify as zero-related sales or effectively zero-related sales (Sec. 100 (a) (1) (2), 102 (a) (1) (2) (3), NIRC and Sec. 8, RR 5-87).

2.3.1 For “direct export sales”, examine sales agreement with foreign buyers as to the nature of products to be exported pricing and other terms and conditions. Review export documents such as commercial invoice/receipts, bills of lading or airway bill, export declaration/ permit, packing list, etc.; and ascertain that the proceeds of the

Sale had been actually inwardly remitted. This will require a liquidation statement from the Central Bank or any of its accredited agent banks certifying as to the amount of the export proceeds or consideration, the date of inward remittance, conversion rate and the total peso value thereof (RMO 23-88). Determine if proceeds of export sales (Paragraphs 1 and 2 of Section 100) had been actually remitted in accordance with the rules and regulations of the Central Bank, prepare and submit schedule I with the following information:

SCHEDULE I

(1) Date of Export
(2) Sales of Invoice No.
(3) Name of Consignee
(4) AWB/BL No.
(5) Shipment Date
(6) Amount of Sales in Foreign Currency Per Invoice
(7) Amount of Foreign Currency Remitted
(8) Conversion Rate
(9) Amount Remitted in Pesos
(10) Date of Remittance
(11) Accredited Bank
(12) Bank Credit Memo No.
(13) Sales Per Books
(14) Discrepancy Between 6 & 7
(15) Discrepancy Between 9 & 13

2.3.2 For foreign currency denominated sales, review the transactions and ascertain the following:

(i) The buyers are Filipinos residing abroad, returning overseas workers or other non-residents;

(ii) The objects of sale are goods for household or personal use assembled or manufactured in the Philippines and delivered to residents of the Philippines;

(iii) The goods are paid for in convertible foreign currency inwardly remitted through the banking system. This

requirement maybe evidenced by a statement from the Central Bank or its accredited bank.

(iv) The sales do not exceed an aggregate value of US $1,000 or its equivalent.

Claims for refund/tax credit arising from this transaction shall be checked from the Philippine International Trading Corporation or the Appropriate government agency charged with the implementation of this scheme.

2.3.3 For zero-rated sale of services, verify contract agreement to ascertain the person for whom the services was rendered, amount of consideration description of the services, and documents evidencing actual payments. Determine if proceeds of sale in foreign currency (Paragraphs 1 and 2 of section 102) had been inwardly remitted in accordance with CB rules and regulations. Prepare and submit schedule II with the following information

SCHEDULE II

(1) Name of Contractee
(2) Contract Price
(3) Amt. Billed in Foreign Currency
(4) Amt. Received in Foreign Currency
(5) Official Receipt No. (6) Date of Receipt
(7) Conversion Rate
(8) Amount Received in Pesos
(9) Name of Bank
(10) Bank Cr. Memo No.
(11) Discrepancy Between 3 & 4

2.3.4 In case of constructive inward remittance the claimant shall also submit the following:

(1) Central Bank approval of offsetting arrangement.

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(2) Certification from the Central Bank on the amount constructively remitted under the off-setting arrangement.

Should the amount of inward remittance be less than the total inward remittance be less than the total zero-rated sales, the input tax pertaining to the discrepancy shall be removed from the allowable input tax using the following formula;

Unremitted Export Proceeds
Allowable Input tax allocable to

_____ x =

Total Zero-Rated Sales Input Tax
unremitted export sales

2.3.5 For effectively zero-rated transaction, secure copy of the approved application for zero-rating. Take note of the effectivity and revocation date of zero-rated transaction. Transactions effected before the effectivity date as indicated in the approved application are subject to VAT (RR No. 2-88).

3. Analyze all the accounts affecting total sales, particularly cash account; accounts and/or notes receivables; collections from receivable; sales discounts and sales returns; bad debts written-off; etc.

In the case of sale of service, include in the analysis other accounts such as advances, retention receivables, mobilization fees, etc.

3.1 Apply the following pro-forma computation to arrive at the total sale of goods -

Cash Sales

Pxxx

Add: Collections on accounts receivable

Pxx

Collection on notes receivable (if it pertains to sale of goods)

xx

Sales discounts granted

xx

Sales returns and allowances from sales on account

xx

Bad debts-written off

xx

Accounts receivable, ending

xx

Notes receivable ending

xx

___

Total receivables during the period

Pxx

Less: Accounts Receivable, beginning

Pxx

Notes Receivable, beginning

xx xx

__ __

Sales on account

xx

___

Total Sales during the period

Pxxx

===

3.2 Apply the following pro-forma computation to arrive at receipts during the period-

Income or billings
during the period

Pxxx

Add: Accounts receivable,

Pxx

beginning Retention receivable, beginning

xx

xx

__

__

Total Available for Collection

xxx

Less: Accounts receivable, ending

xx

Retention receivable, ending

xx

xx

—

—

Collection from receivable

xxx

Add: Deposits or Advances and Mobilization fee

xx

Gross receipts during the period

xxx

Less: Gross receipts from exempt service

xx

—

—

Gross receipts from zero-rated service

xx

xx

—

—

Taxable Gross Receipts

Pxxx

——

D. Audit Checks to Detect Irregularities in Invoicing and Accounting for Transactions

1. Scrutinize the entries appearing in the subsidiary sales journal and compare the same with the information shown in the sales invoices.

2. Determine compliance with invoicing requirements and procedures.

2.1

Ascertain that invoices bear all necessary information including the VAT registration number (Sec. 108(a) and 238, NIRC).

2.2

For the verification of the VAT liabilities for the 1st quarter/semester of 1988, account for the unused sales invoices as of December 31, 1987, as prescribed under RMC No. 51-87, and verify authority to print subsequent receipts/invoices, any discovery of discrepancy or the use of unauthorized receipts or invoice the printing of which are not authorized may suggest fraudulent practices.

2.3

Check authority to use cash register machines and verify whether each register machine in use is duly authorized.

2.4

Ensure that the sales invoices issued for sales transactions are all accounted for. Account for any break in the sequence of serial numbers of sales invoices and official receipts issued, and invoices assigned to branches. In case of cancelled sales invoice, the original copy should be on file. For those using loose-leaf invoices, require

presentation of authority to use the same.

2.5

Be alert on the use of double set of invoices bearing identical serial numbers.

2.6

Verify if the transactions covered by “Statement of Account”, “Delivery Receipt”, “Debit Notes”, and other similar documents are properly recorded as sales. The mere issuance of these documents without the corresponding sales invoice is a violation of the bookkeeping regulations and an indication or unrecorded sales except in the case of bona fide consignment sales.

When confronted with a delivery receipt, ascertain whether it covers a consummated sale or consignment sale. Consignment sale shall be considered as taxable sale after sixty (60) days following the date of consignment (Sec. 4(D), RR 5-87).

2.7

If the taxpayer is engaged in both taxable and exempt transactions, ascertain that only VAT invoices are issued for VAT taxable transactions and separate invoices are issued for exempt transaction (Sec. 21 RR 5-87). Exempt transactions for which VAT invoices are issued shall be considered subject to VAT.

2.8

In the case of zero-rated transactions to BOI export-oriented enterprises or other entities whose purchases are effectively zero-rated or exempted under special laws or international agreement, check if the words “ZERO-RATED” or “EXEMPT” had been prominently stamped or printed on the face of the sales invoice. If not, the transactions should be considered taxable (Sec. 2(a)(3), RR 2-88).

3. Determine the manner of billing the value-added tax. If the VAT is not separately billed or is erroneously billed in the invoice, multiply the gross amount of sales (including the amount intended by the seller to cover the tax or the tax billed erroneously) by 1/11 or such other factor applicable to persons partiality exempt under special laws to determine the correct output tax (Sec. 6(a) and (b), RR 5-87).

4. If the taxpayer enjoys full or partial exemption from payment of the value-added tax pursuant to special laws, verify the extent of exemption and compliance with the condition of such exemptions. Determine the amount of output tax by applying the corresponding factor applicable to the level of exemption:

Percent of Exemption

Factor

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0%

1/11

10%

1/12.11

20%

1/13.5

50%

1/21

75%

1/41

5. Verify whether other charges such as excise taxes, packaging, insurance, freight and delivery expenses, etc., are treated as part of the gross taxable sales.

6. In the case of gross taxable sales of services (GTSS), advance payment or downpayment or deposits, as well as the cost of materials supplied with the services shall form part of the GTSS. If it is claimed that the material component of the contract price is for the account of the customer or contractee, verify the terms of contract to ascertain who actually made the purchase and in whose name the transaction was invoiced.

7. Identify instances of gross selling prices of goods and services being unreasonably lower than the actual marker price, and make the necessary adjustment (Sec. 6(a), RR 5-87).

8. Account for deductions from sales such as sales returns, allowances and discounts. Sales returns and allowances may be deducted from the gross taxable sale if they have been previously recorded and are properly supported by debit memos. Discounts, on the other hand, can only be taken into account if indicated on the face of the invoice at the time of sale and without condition as to subsequent happening of an event or fulfillment of certain conditions such as prompt payment or attainment of sales goals (Sec. 100(d)(3)).

9. For VAT taxpayer claiming the privilege of paying the 4% contractor’s tax after December 31, 1987, verify his compliance with the following conditions:

9.1

Filing of information return showing the contractor’s name, the outstanding contract price as of December 31, 1987, and a declaration to pay the contractor’s tax due.

9.2

Copy the contractor's billing issued prior to January 1, 1988 must be attached to the information return.

9.3

Ascertain the recording of the outstanding contract price receivable (on contracts completed and billed as of December 31, 1987) on the taxpayers books of accounts.

9.4

Filing of the contractor's tax return on or before January 30, 1988 or the 20th day of the month following the end of each calendar quarter.

Non-compliance with any of the above condition subjects the amount received to 10% VAT (Sec. 6(g) of RR 5-87).

10. Be resourceful in discovering under-declaration of sales. Abnormal levels of: inventories, sales, purchases, accounts receivables, including manipulation on interbranch transactions, among others, etc., may suggest instances of under declaration. Cross-check transactions reflected in the books of accounts against the records of selected customers and suppliers.

E. Audit of Purchases and Input Tax

1. Reconcile the amount of each category of purchases per VAT return with the amount of purchases per subsidiary purchase journal (Sec. 22(b), RR 5-87). Check if all the information required are maintained in the purchase journal.

2. Review the composition of ht e purchase accounts in the journals and ledgers and ascertain that:

2.1

Purchases from non-VAT and/or exempt persons do not result in any input tax credit.

2.2

Effectively zero-rated purchases do not result in any input tax credit.

2.3

Purchases from VAT persons, which are personal in nature, shall not give rise to input tax credit.

2.4

Deemed-paid input tax credits (for purchases from BOI-registered pioneer enterprises) have been determined correctly in accordance with Sec. 13(4) of RR 5-87.

3. Scrutinize the entries appearing in the subsidiary purchase journal and compare with information shown on the purchase invoice.

4. Determine substantiation of claims for input tax credits.

4.1

The purchase invoice is issued in the name of the VAT-registered taxpayer claiming the input credits; bears the VAT number of the seller; the goods/services purchased are adequately described; the date of the invoice falls within the period being claimed; and the printer's authority to print is indicated thereon. In case of purchase of services, the same should be supported by official receipts.

4.2

For domestic purchases of goods (including capital assets) and services in the course of business, these must be supported by VAT invoices or receipts showing the information required in Sec. 108(a) and 238 of the NIRC. A cash register machine tape, although it indicates the VAT registration number of the seller, does not constitute valid proof of input tax credit (Sec. 15(a), RR 4-87). The same condition will apply for delivery receipts or statements of accounts issued by the seller.

4.3

Credit for input tax on importation shall be supported with import entries or equivalent documents showing actual payment of VAT on imported goods (Sec. 15(b), RR 5-87). Therefore, withdrawals of raw materials or other goods for customs bonded warehouses without the payment of VAT are not entitled to input tax credit.

4.4

VAT invoices issued for exempt and zero-rated transactions will not generate input credits to the purchaser.

5. Determine the manner of billing on purchase invoice or receipt to ascertain correctness of input tax credits (Sec. 13, RR 5-87).

6. Ascertain that purchase returns and allowances granted to the taxpayer results in a corresponding reduction in the input tax credit balance (Sec. 6(c) of RR 5-87).

7. If the taxpayer enjoys exemption on its sales of goods or services under special laws, he is only entitled to input tax credits equivalent to his level of exemption in the year of sale.

For example:

> x, a BOI-registered pioneer enterprise, enjoys a 10% tax exemption for the taxable year under investigation. During the same year, his sales amounted to P1,000,000 and the input tax on his purchases amounted to P50,000. The creditable input tax shall be computed as follows:
>
> Input tax:
>
> Input tax x Level of exemption = Unallowable input tax
> Input tax – Unallowable input tax = Creditable input tax

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Thus:

Input tax

P50,000

Less: Level of exemption (P50,000 x 10%)

5,000

_____

Creditable input tax

P45,000

======

8. Applications for the issuance of tax credit certificates and refund affecting the input tax credit accounts must reduce the input tax credit available at the time of application. These include not only applications for the TCC filed with the BIR, but also with other government agencies such as the BOI and the Bureau of Customs (Sec. 11, RR 5-87).

9. If a VAT-registered person is also engaged in exempt activities, the input taxes paid for purchasing of goods (including capital goods) and services which cannot be attributed to either operation shall be allocated between the VAT taxable operation and the non-VAT operation using the computation prescribed in Sec. 12 of RR 5-87. The amount allocated to the exempt transaction should reduce the input tax credit balance. For instance:

Sales

From VAT operation

P300,000

From non-VAT or exempt activity

200,000

Purchases which cannot be directly attributed to taxable and exempt activity

60,000

Input tax

6,000

Input tax to VAT taxable operation -
Sales on VAT Taxable Operations

Total Input Tax

Input Tax
Creditable to
VAT operation

_____ x

Total Sales (VAT Taxable + non-VAT or exempt activity)

P300,000 x P6,000 = P3,600

500,000

Thus:

Input Tax

P6,000

Less: Unallowable input tax credit attributable to exempt activity

2,400

Allowable input tax credit

P3,600

10. Reconcile the amount of input tax claimed in the VAT return for the portion carried over from the previous quarters and the balance carried to succeeding quarters with the amounts recorded in the books of accounts.

11. Ascertain that the recorded amount of the purchase of goods, services and capital goods are net of VAT.

12. Presumptive input tax and deemed paid input tax credit are not qualified for refund or issuance of Tax Credit Certificate.

F. Cancellation of Original Purchase Invoices/Receipts – Upon the final approval of the claim, but before the preparation of the tax credit certificate or disbursement voucher for refunds, the sources of allowed or disallowed input tax credits such as the original purchase invoices and official receipts shall be cancelled with the words "cancelled" stamped on the invoice or official receipt. The cancellation shall also be initiated by the canceling officer.

G. Reporting Requirements – The audit report should be brief and concise but complete in all details necessary to its understanding. It must be accompanied by

1. Copy of the letter of authority.

2. VAT returns for the audited period, together with proofs of payment of VAT.

3. Worksheets showing the following schedules:

3.1

Schedule I – Schedule of zero-rated sales and inward remittance.

3.2

Schedule II – Schedule or purchases and input tax.

3.3

Analysis of relevant accounts such as cash, receivables, payables, advances, etc.

3.4

Adjustments to sales and output tax.

3.5

Schedule of disallowances.

3.6

Computation of allowable input tax attributable to zero-rated sales recommended for refund or issuance of TCC.

3.7

Computation of deficiency value-added tax.

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3.8

Computation of deficiency taxes other than value-added tax.

4. Revenue officer's memorandum report, duly accomplished VAT audit report from (Annex "A")[*], and authority to issue VAT Credit/Refund (Annex "A-1")[*].

5. Agreement form, in proper cases.

6. Photo copy of the revenue official receipt or confirmation receipt evidencing payment of deficiency tax, if applicable.

7. Documents:

7.1

3 copies of application for VAT Credit/Refund (Form No. 2552).

7.2

Photocopy of approved Application for Zero-Rate (For effectively zero-rated sales).

7.3

VAT return(s) filed for the quarter showing that the credited on purchases of zero-rated sales were not applied against output tax for a certain quarter(s) and VAT return for the succeeding quarter.

7.4

Certificate of taxpayer showing the amount of zero-rated, taxable and exempt sales, where applicable.

7.5

Central Bank approval of offsetting arrangement.

7.6

Certification from the Central Bank on the amount constructively remitted under the off-setting arrangement.

7.7

Certification from BOI, BOC, EPZA that subject taxpayer has not filed similar claims for the period.

7.8

If 100% exporter, sworn statement that ending inventory as of the close of the period being claimed has been used

directly or indirectly in the products subsequently exported as supported by export documents (RR 9-89).

7.9

Bank liquidating statements and other documents.

7.10

Delinquent account, verification report.

7.11

All other documents specified in the checklist of requirements (Annex "B" below).

8. Checklist of duly accomplished procedures prescribed herein (see Annex "C")[*].

Strict compliance herewith is enjoined.

Adopted: 11 Jan. 1991

(SGD.) JOSE U ONG
Commissioner

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[*] Not included here, but available at U.P. Law Center, upon request.

ANNEX 'B'

Checklist or Requirements in Filing
VAT Credit/Refund Claims

I
General Requirements

1. Three (3) copies of Application for VAT Credit/Refund (Form 2552).

2. Photo-copy of approved Application for Zero-Rate (for effectively zero-rated sales.

3. For local purchases: In lieu of the second copy requirement to be attached to the VAT return under RR 6-89, photo copies of VAT purchase of goods and official receipts (supported by statement of account or bill invoice) for purchase of services with the corresponding summary of purchase of goods and services and input tax claimed. The invoices must be arranged according to the summary list. The summary list should contain the details specified below. (Prepare separate list and documents for input tax not within the period but not previously claimed.)

Name of Supplier Date of OR

VAT Number Amount

Invoice Number Input Tax

Date of Invoice Total Invoice

OR No. Amount

Importations:

- Photo copies of invoices, import declaration, import entry document, official receipt or confirmation receipts evidencing payment of VAT (segregate payments made by cash or tax credit).

- Summary of importations made during the period with the following details:

Date of Invoice Total Value

Supplier Date of Payment

Item OR No.

AWB/BL No. VAT

Date of Arrival

4. VAT return(s) filed for the quarter showing that the tax credited on purchases of zero-rated sales were not applied against output tax for a certain quarter(s) and VAT return for the succeeding quarter.

5. Certificate of taxpayer showing the amount of zero-rated, taxable and exempt sales, where applicable.

6. Where the applicant's zero-rated transactions are regulated by certain government agencies, a statement therefrom showing amount and description of sale of goods and services, name of persons or entities (except in case of exports) to whom the goods or services were sold and date of transaction.

7. Authority to maintain Special Dollar Account.

8. Other Documents (if applicable):

- Articles of Incorporation – for first time filers.

- Sales contract/agreement.

- Beginning and ending inventory of raw materials, work-in-process, finished goods, supplies and materials.

- BOI registration.

- VAT Registration – for those claiming refund/TCC for the first time.

- Certification from BOI, BOC, EPZA that subject taxpayer has not filed similar claims for the period

- If 100% exporter, sworn statement that ending inventory as of the Close of the period being claimed has been used directly indirectly in the products subsequently exported as supported by export documents. (RR 9-89)

- For indirect exporters – documents of liquidation evidencing the actual utilization of the raw materials in the manufacture of goods at least 70% of which have been actually exported. (RR 2-88)

- Audited financial statements, if applicable.

- In case of constructive inward remittance:

1. Central Bank approval of offsetting arrangement.

2. Schedule of monthly offsetting of receivables and payables in accordance with Central Bank rules and

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regulations.

3. Certification from CB on the amount constructively remitted under the offsetting of arrangement.

- CB clearance on non-violation of any CB rule and regulation.

II
Specific Requirements

1. For Export Sales (Semi-conductor companies, garments, food, etc.)

a. Summary of export sales stating the date of exportation, sales invoice number, name of buyer, airway bill/bill of lading number, lading date, amount of sales in foreign currency, peso value of sales, date of remittance, bank credit memo number and amount remitted in pesos.

b. Photo copies of export documents:

- invoices/receipts evidencing sale of goods, as well as the name of the person to whom the goods were delivered with respect to foreign currency denominated sales.

- export declaration/permit

c. Bank credit memoranda and certificate from the Central bank or any accredited agent bank showing that the proceeds of the sale in acceptable foreign currency had been inwardly remitted and accounted for in accordance with applicable banking regulations. The statement should also show the amount in foreign currency of the export proceeds or consideration, date of export, date of inward remittance, conversion rate into Philippine currency and the total peso value thereof.

2. For Zero-Rated Sale or Service (contractors, mining, etc.)

a. Authenticated copy of the contract showing the person for whom the services were rendered, amount of consideration, description of the services and documents evidencing actual payments.

b. Photo copies of official receipts and billings together with a summary of the date of billing, name of principal, official receipt number, date of receipt, amount in foreign currency and the corresponding peso value thereof, date of remittance, name of bank, bank credit memo number and amount remitted in pesos.

c. Bank credit memoranda and certificate from the Central Bank with information similar to 1-c (export sales).

d. Reconciliation of billings against inward remittances.

Additional Requirements for Manning services:

2A.

Monthly Central Bank report on income of agency received.

2B.

Breakdown of gross foreign receipts specifying the nature of foreign currency received (e.g. Commission, allotment, manning fee, agency fee, advantages, etc.) showing the total foreign currency value with its peso equivalent, bank credit memo number, name of bank and date or remittance.

3. Effectively Zero-Rated Sale of Goods (mining, etc.)/Services (contractors, etc.)

a. Summary of Sales invoices/receipts showing the name of the person entity to whom the sale of goods or services were delivered, date of delivery, amount of consideration and description of goods or services delivered. (RR 6-89 and RMC 2-90)

b. Reconciliation of billings against payment.

c. Evidence of actual receipt of goods or services.

Additional Requirements for mining companies:

- Reconciliation of billings against actual collection.

- Operating agreement with owner of mining claim(s), if applicable.

4. Purchase of Capital Goods

a. Original copies of invoices/receipts showing the date of purchase, purchase price, amount of value-added tax paid and description of the capital equipment locally purchased.

b. On imported capital equipment: (1) Photo copy of import entry document and confirmation receipt of payment issued by the Bureau of Customs for value-added tax paid.

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