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MULTIPLE CLAIMS OF INPUT TAX CREDIT ATTRIBUTABLE TO ZERO-RATED SALES

REVENUE MEMORANDUM CIRCULAR NO. 50-2002, OCTOBER 2, 2002, October 02, 2002

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It has come to the attention of this Office that there are certain taxpayers who file multiple claims for credit of input tax attributable to zero-rated sales for a particular taxable period as in the case of one who (a) files a claim for Tax Credit Certificate (TCC) pursuant to Article 39(k) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, (b) files a claim for TCC with the One-Stop-Shop Inter-Agency Tax Credit and Duty Drawback Center of the Department of Finance pursuant to Administrative Order No. 266, (c) files a claim for TCC or refund with the Bureau of Internal Revenue pursuant to Section 112 (A) of the Tax Code, and (d) applies the same amount against the output tax liability in the value added tax returns under Section 110 of the same Code. The VAT taxpayer is allowed to take only one of the above options, thus, a combination, or all, of the above actions is a violation of the Tax Code. More so, it deprives the government of much needed revenues.

Section 110 (C) of the Tax Code provides that "The sum of the excess input tax carried over from the preceding month or quarter and the input tax creditable to a VAT-registered person during the taxable month or quarter shall be reduced by the amount of claim for refund or tax credit for value added tax and other adjustments, such as purchase returns or allowances and input tax attributable to exempt sale. The claim for tax credit referred to in the foregoing paragraph shall include not only those filed with the Bureau of Internal Revenue but also those filed with other government agencies, such as the Board of Investments and the Bureau of Customs." (emphasis supplied)

Accordingly, any taxpayer found to have made a double or multiple claims for tax credit under the aforementioned circumstances shall be subjected to civil and/or criminal actions as provided for under Sections 228, 248, 249 and 254 of the Tax Code.

All internal revenue officials and employees are enjoined to give this circular as wide a publicity as possible.

Adopted: 2 Oct. 2002

(SGD.) GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue

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