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SENATE

S. No. 2449

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Introduced by Senator FRANCIS G. ESCUDERO

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AN ACT  
AMENDING SECTION 112, CHAPTER I, TITLE IV OF THE  
NATIONAL INTERNAL REVENUE CODE, AS AMENDED

*Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:*

1 SECTION 1. Section 112, Chapter I, Title IV of the National Internal Revenue  
2 Code, as amended, is hereby further amended to read as follows:

3  
4 "Section 112. *Refunds or Tax Credits of Input Tax.* -

5 (A) *Zero-rated or Effectively Zero-rated Sales.* - any VAT-registered person,  
6 whose sales are zero-rated or effectively zero-rated may, within [two  
7 (2)]THREE (3) years after the close of the taxable quarter when the sales  
8 were made, apply for the issuance of a tax credit certificate or refund of  
9 creditable input tax due or paid attributable to such sales, except  
10 transitional input tax, to the extent that such input tax has not been  
11 applied against output tax: Provided, however, That in the case of zero-  
12 rated sales under Section 106(A)(2)(a)(1), (2) and (B) and Section 108  
13 (B)(1) and (2), the acceptable foreign currency exchange proceeds  
14 thereof had been duly accounted for in accordance with the rules and  
15 regulations of the Bangko Sentral ng Pilipinas (BSP): Provided, further,  
16 That where the taxpayer is engaged in zero-rated or effectively zero-  
17 rated sale and also in taxable or exempt sale of goods of properties or  
18 services, and the amount of creditable input tax due or paid cannot be  
19 directly and entirely attributed to any one of the transactions, it shall be  
20 allocated proportionately on the basis of the volume of sales.

21  
22 (B) *Capital Goods.* - A VAT-registered person may apply for the issuance  
23 of a tax credit certificate or refund of input taxes paid on capital goods  
24 imported or locally purchased, to the extent that such input taxes have  
25 not been applied against output taxes. The application may be made  
26 only within [two (2)] THREE (3) years after the close of the taxable  
27 quarter when the importation or purchase was made.  
28  
29

1  
2 (C) *Cancellation of VAT Registration.* - A person whose registration has  
3 been cancelled due to retirement from or cessation of business, or due to  
4 changes in or cessation of status under Section 106(C) of this Code may,  
5 within [two (2)] **THREE (3)** years from the date of cancellation, apply  
6 for the issuance of a tax credit certificate for any unused input tax which  
7 may be used in payment of his other internal revenue taxes.  
8

9 (D) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* -  
10 In proper cases, the Commissioner shall grant a refund or issue the tax  
11 credit certificate for creditable input taxes within [one hundred twenty  
12 (120)] **ONE HUNDRED EIGHTY (180)** days from the date of  
13 submission of complete documents in support of the application filed in  
14 accordance with Subsections (A) and (B) hereof.  
15

16 In case of full or partial denial of the claim for tax refund or tax credit,  
17 **WHICH SHALL HAVE BASIS IN FACT OR LAW OR BOTH** [or the  
18 failure on the part of the Commissioner to act on the application within  
19 the period prescribed above], the taxpayer affected may, within thirty  
20 (30) days from the receipt of the decision denying the claim [or after the  
21 expiration of the one hundred twenty day-period], appeal the decision  
22 [or the unacted claim] with the Court of Tax Appeals. **FAILURE ON**  
23 **THE PART OF THE COMMISSIONER TO ACT ON THE CLAIM**  
24 **FOR TAX REFUND OR TAX CREDIT WITHIN ONE HUNDRED**  
25 **EIGHTY (180) DAYS FROM THE DATE OF SUBMISSION OF**  
26 **COMPLETE DOCUMENTS IN SUPPORT OF THE APPLICATION**  
27 **FILED IN ACCORDANCE WITH SUBSECTIONS (A) AND (B)**  
28 **HEREOF SHALL BE TANTAMOUNT TO APPROVAL.**  
29

30 (E) *Manner of Giving Refund.* - Refunds shall be made upon warrants  
31 drawn by the Commissioner or by his duly authorized representative  
32 without the necessity of being countersigned by the Chairman,  
33 Commission on Audit, the provisions of the Administrative Code of  
34 1987 to the contrary notwithstanding: Provided, That refunds under this  
35 paragraph shall be subject to post audit by the Commission on Audit.”  
36

37 **SEC. 2.** *Amendatory and Repealing Clause.* - Republic Act No. 8424, as  
38 amended, specifically Section 112, Chapter I, Title IV, thereof, and other provisions  
39 inconsistent herewith are hereby amended, repealed or modified accordingly. Revenue  
40 Memorandum Circular No. 54-2014 of the Bureau of Internal Revenue and all other  
41 laws, orders and proclamations, rules, circulars, and regulations or parts thereof,  
42 inconsistent with or contrary to the provisions of this Act or its purposes are likewise  
43 hereby amended, repealed or modified accordingly.

44 **SEC. 3.** *Separability Clause.* If any provision or part hereof is held invalid or  
45 unconstitutional, the remainder of the law or the provision not otherwise affected shall  
46 remain valid and subsisting

1           **SEC. 4.**       *Effectivity Clause.* This Act shall take effect fifteen (15) days from its  
2 publication in the Official Gazette or at least two newspapers of national circulation.

3           *Approved,*

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