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REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



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SENATE
P. S. RES. No. 978

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Introduced by SEN. WIN GATCHALIAN

RESOLUTION
URGING THE SENATE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE RECURING DELAY IN THE GRANTING OF VALUE ADDED TAX REFUND BY THE BUREAU OF INTERNAL REVENUE

1 WHEREAS, Section 112(C) of the National Internal Revenue Code, as amended
2 ("Tax Code"), requires the Commissioner of Internal Revenue to grant a refund for
3 creditable input Value Added Tax ("VAT") within ninety (90) days from the date of
4 submission of the supporting documents in support of an application for VAT refund
5 filed by a taxpayer;

6 WHEREAS, the Bureau of Internal Revenue has issued Revenue Memorandum
7 Circular No. 71-2023 and Revenue Memorandum Order No. 23-203 which effectively
8 reduced the documentary requirements to support a claim for VAT refund from thirty
9 (30) to a maximum of seventeen (17) documentary requirements;

10 WHEREAS, even with the foregoing measures in place, the issues on the
11 implementation of the VAT refund system continues to exist specifically on the delay
12 on the issuance of refund, high volume of denial of VAT refund claim of taxpayers,
13 long list of required documents, and ambiguities in the implementation of Republic Act
14 No. 11534 otherwise known as the CREATE Law, among others;

15 WHEREAS, during the November 28, 2023 hearing conducted by the Senate
16 Committee on Ways and Means on the inconsistencies on CREATE Law vis-à-vis its
17 implementing rules and regulations, various taxpayers have pointed out that the
18 process of getting a VAT refund is time consuming, costly, and cumbersome;

1 WHEREAS, various Japanese corporations doing business in the Philippines
2 have reportedly threatened to leave the Philippines due to the various VAT refund
3 issues they are facing¹;

4 WHEREAS, in another report, the American Chamber of Commerce in the
5 Philippines has mentioned that VAT refunds for jet fuel takes two years to as much as
6 five years before the taxpayer can collect² thus, this inordinate time to get refund has
7 been taking a toll on the cash flow of businesses³;

8 WHEREAS, it was also reported that the agricultural multinational company
9 Dole Philippines which exports bananas from the Philippines, has not received a VAT
10 refund which was estimated to be as much as USD67 Million⁴;

11 WHEREAS, the failure of the VAT refund system to timely refund the money of
12 the taxpayers threatens businesses, investments and local employment thus leading
13 to a significant negative impact on the Philippine economy as a whole;

14 RESOLVED BY THE SENATE, as it is hereby resolved by the Senate, to direct
15 the Senate Committee on Ways and Means, to conduct an inquiry, in aid of legislation,
16 to identify the issues surrounding the implementation of the VAT-refund system as
17 well as to determine the causes of these issues, particularly the delayed issuance of
18 VAT refund, with an end view of crafting a policy recommendation addressing these
19 issues, as may be necessary.

Adopted,



WIN GATCHALIAN

¹ Bordey, H., Zubiri: Japan firms threatened to leave PH due to VAT refund issues (November 08, 2023), available at: <https://www.gmanetwork.com/news/money/companies/887674/zubiri-japan-firms-threatened-to-leave-ph-due-to-vat-refund-issues/story/> (Date last accessed: March 3, 2024).

² Monzon, A., Review of VAT refund scheme for PEZA firms backed (December 05, 2022), available at: <https://business.inquirer.net/376284/review-of-vat-refund-scheme-for-peza-firms-backed> (Date last accessed: March 3, 2024).

³ Monzon, A., PCCI cheers move to relax VAT refund requirements (June 29, 2023), available at: <https://business.inquirer.net/407549/pcci-cheers-move-to-relax-vat-refund-requirements> (Date last accessed: March 3, 2024).

⁴ Shiga, Y., Philippines risks losing foreign investment over delayed tax rebates (October 06, 2023), available at: <https://asia.nikkei.com/Politics/Philippines-risks-losing-foreign-investment-over-delayed-tax-rebates> (Date last accessed: March 19, 2024).