

**PROCEDURES AND DOCUMENTS TO BE PREPARED/ATTACHED TO THE  
CASE DOCKET OF TAX CREDIT/REFUND CLAIMS ON CREDITABLE  
WITHHOLDING TAXES (CWT) ON INCOME FILED UNDER SECTION 76(C) OF  
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED  
(TAX CODE)**

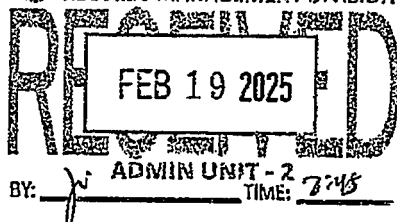
**-FOR "GOING CONCERN" TAXPAYERS-**

**A. PROCEDURES**

1. The assigned Revenue Officer (RO) shall conduct the following preliminary procedures:
  - a. Ascertain completeness and authenticity of the documentary requirements submitted by the taxpayer-claimant, as check-listed by the RO of the Day. Should there be lacking or deficiencies in the documents submitted, this may cause the denial of the claim, either fully or partially.
  - b. Familiarize with the business of the taxpayer-claimant and establish the existence and legitimacy of the business.
  - c. Ascertain that the taxpayer-claimant is not included in the list of Cannot-Be-Located (CBL) taxpayers.
  - d. Secure/print copies of the following documents available at the records/database of the BIR:
    - i. Number of branches and facilities with corresponding locations;
    - ii. Tax types duly registered for the branches and facilities;
    - iii. Registered books of accounts for the principal office and branches;
    - iv. Relevant tax returns/data as follows:

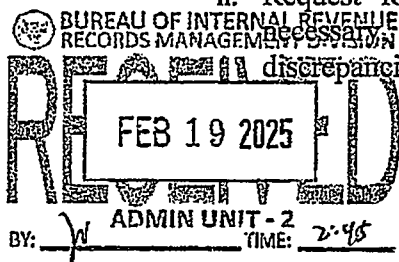
<b>Documents to be Verified/Printed</b>	<b>Source/s of Data/Information</b>
Annual Income Tax Return (AITR) covering the period of claim with Summary Alphalist of Withholding Agents of Income Payments Subjected to Withholding Tax at Source (SAWT)	IRIS-RFP, eFPS, eBIRForms or ITS. To be requested from RDO/LTS if the AITR is not available from the said systems.  For SAWT, National Office Data Center (NODC)/Revenue Data Center (RDC) for the soft copy.
Quarterly and Annual ITR covering the succeeding taxable period of claim	IRIS-RFP, eFPS, eBIRForms or ITS. To be requested from RDO/LTS if the AITR is not available from the said systems.

BUREAU OF INTERNAL REVENUE  
RECORDS MANAGEMENT DIVISION

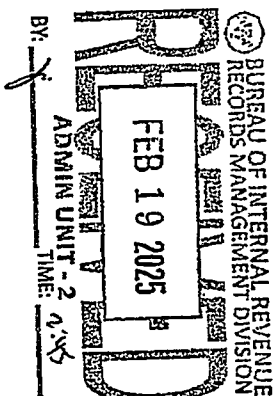


<b>Documents to be Verified/Printed</b>	<b>Source/s of Data/Information</b>
Audited Financial Statement (AFS) for the year covered by the period of claim	eAFS if claimant submitted thru the facility
<b><u>For BIR Form No. 2307</u></b>  BIR Form No. 1604-E with the Alphabetical List of Payees submitted by the withholding agents of the claimant	For BIR Form No. 1604-E – IRIS-RFP, eFPS, eBIRForms or ITS. To be requested from RDO/LTS if the tax return is not available from the said systems.  For the Alphabetical List of Payees –RDO/LT-DPQAD having jurisdiction over the withholding agent or NODC/RDC/MOMD
<b><u>For BIR Form No. 1606</u></b>  BIR Payment Certifications in accordance with the format prescribed under RMO No. 7-2016	Revenue Accounting Division (RAD)/Collection Section, RDO/LTDPQAD, LT Divisions Davao and Cebu, whichever is applicable or NODC/RDC

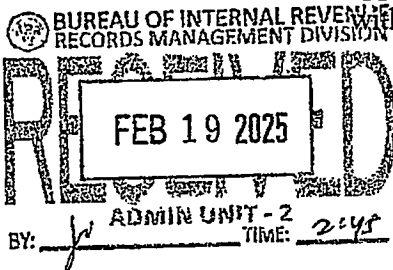
- v. Only those tax returns filed on or before the filing of the Application for Tax Credit/Refund or the service of the eLA, whichever comes first, shall be considered in the processing of the claim.
- vi. The assigned ROs may also verify or request other relevant information available in the BIR records.
- e. In cases where the authenticity of the documents submitted can be verified electronically or online [e.g., through “quick-response” (QR) codes], the assigned evaluator shall attach to the docket, a printout or screenshot of the result of the verification from the facility hosting the electronic/online system/application with the duly-signed notation that the same has been verified through the said system.
- f. Analyze the AFS to determine the accounting method of sales and income recognition, accounting period, existence in the asset account of the claimed CWT, and other relevant information.
- g. Conduct interviews, where necessary, with responsible and authorized finance, accounting, sales and other personnel to further familiarize with business operations related to sales and purchases, as well as other activities that may relate to the claim.
- h. Request for books of accounts and other relevant accounting records, as well as other documents to determine recording of the claim and reconcile findings and discrepancies noted.



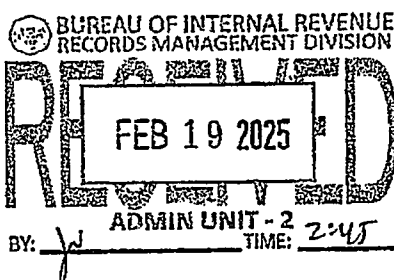
2. **Ascertain the legal basis of the claim.** The assigned RO shall prepare roll-forward analysis of ITR filed for the current year of claim and succeeding taxable year(s) following Annex "C.1". With this, the following can be checked:
- Verify the option selected by the taxpayer-claimant as marked in the AITR, for its excess/unutilized CWT whether tax credit, tax refund or to be carried-over, in compliance with Section 76 of the Tax Code. Once the option to carry-over and apply the said excess quarterly income taxes paid against the income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered IRREVOCABLE for the taxable period and no application for cash refund or issuance of tax credit certificate (TCC) shall be allowed therefor. In case the taxpayer chose the option to be issued TCC or cash refund but inadvertently carried forward the said amount sought to be refunded in the AITR filed for the succeeding taxable year, this shall be a ground for the denial of the claim for tax credit or refund. However, the carried over amount may be allowed as credit against future income tax liabilities of the taxpayer-claimant.
  - Ascertain that the subject claim was not applied against the income tax due during the period of claim. Likewise, examine the ITR for the succeeding quarters/taxable period to ensure that the claim has not been carried over and offset against subsequent income tax liabilities.
  - Ascertain that the subject claim pertains to unutilized CWT for the current taxable year only. The excess CWT from prior years may be applied against the current year's income tax due, provided that the prior year's excess credit/s are properly documented or verified from the previous audit.
3. Establish that the tax credit/refund claim adheres to the requisites under Section 76(C) of the Tax Code:
- Ascertain that the claim is filed within the 2-year prescriptive period from the date of filing the return pursuant to Section 204(C) of the Tax Code.** Note that a return filed showing an overpayment shall be considered as a written claim for tax credit/refund. In this regard, for purposes of the 180-day processing period, the counting shall commence upon submission of complete documents in support of the application that will be prescribed by the BIR for this purpose which should be within the 2-year prescriptive period.
  - The income upon which the taxes were withheld must be included as part of the gross income declared in the AITR of the recipient.** The following rules shall govern upon comparing the aggregate amounts of the submitted BIR Form No. 2307/1606 and the summary of revenues/income declared per AITR:
    - The taxpayer-claimant must be clearly identified as the payee in the withholding tax certificate.
    - If the income aggregate taxes withheld by a certain withholding agent per submitted BIR Form No. 2307/1606 is equal to the computed withholding taxes in the summary of revenues/income declared per AITR, allow the CWT claimed.



- iii. If the aggregate taxes withheld by a certain withholding agent per submitted BIR Form No. 2307/1606 is less than the computed withholding taxes in the summary of revenues/income declared per AITR, allow the variance. This could possibly be a timing difference or failure of the withholding agent to withhold the remaining amount.
  - iv. If the aggregate taxes withheld by a certain withholding agent per submitted BIR Form No. 2307/1606 is higher than the summary of revenues/income declared per AITR, disallow the variance. The corresponding income tax due from the difference of the income payments declared by the withholding agent and the aggregate sales per SAWT shall be assessed and may be deducted from the amount sought to be refunded/credited or incorporated to the on-going audit of all internal revenue taxes for possible collection of the deficiency taxes due, including Value-Added Tax (VAT), if any.
  - v. If the withholding agent appearing on the BIR Form No. 2307/1606 does not appear on the summary of revenues/income declared per AITR of the taxpayer-claimant for the taxable year covered by the claim, do not allow the amount of CWT claimed and the corresponding income tax due shall be assessed and may be deducted from the amount sought to be refunded/credited or incorporated to the on-going audit of all internal revenue taxes for possible collection of the deficiency taxes due, including Value-Added Tax (VAT), if any.
- c. **The fact of withholding is established by a copy of the withholding tax certificate duly issued by the payor (withholding agent) to the payee showing the amount of income payment and the amount of tax withheld.** Proof of withholding is incumbent upon the taxpayer claiming for the income tax credit/refund. No income tax refund shall be granted unless the authenticity and veracity of the BIR Form No. 2307/1606 is verified. The following rules shall govern upon comparing the CWT Claimed per SAWT and the Alphalist of payees as attached in the BIR Form No. 1604E submitted by the withholding agents of the taxpayer-claimant (the assigned ROs may also utilize the withholding agent's quarterly Alphalist of Payees):
- i. If the CWT claimed per SAWT is equal to the taxes withheld appearing on the Alphalist in the BIR Form No. 1604E submitted by the withholding agent, allow the CWT claimed.
  - ii. If the CWT claimed per BIR Form No. 2307/1606/SAWT is less than the taxes withheld appearing on the Alphalist in the BIR Form No. 1604E submitted by the withholding agent, allow the CWT claimed therefrom but investigate further if the variance is an under-declaration of sales that would warrant deficiency tax assessments.
  - iii. If the CWT claimed per SAWT is more than the taxes withheld appearing on the Alphalist in the BIR Form No. 1604E submitted by the withholding agent, disallow the variance.



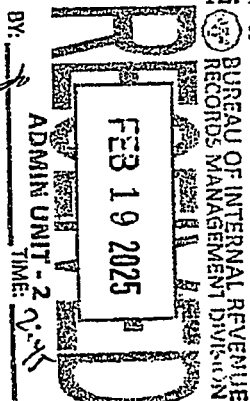
- iv. If upon verification, there appears creditable taxes withheld by a withholding agent but the taxpayer claimant failed to declare or claim the corresponding CWT therefrom including declaring the same in its AITR for the taxable year covered by the claim, do not allow the amount of CWT appearing on the alphalist and the corresponding income tax due shall be assessed and may be deducted from the amount sought to be refunded/credited or incorporated to the on-going audit of all internal revenue taxes for possible collection of the deficiency taxes due, including Value-Added Tax (VAT), if any.
4. For items 3(b) and 3(c), the assigned ROs shall prepare a comparative matrix of CWT claimed following the pro-forma matrix marked as Annex "C.2" of this Order. The assigned RO shall only allow the lowest amount between the aggregate amounts claimed per BIR Form No. 2307/1606, SAWT per AITR, Alphalist of Payees submitted by the withholding agents of the taxpayer claimant, etc. If the disallowance exceeds the amount sought to be refunded, recommend for denial and assess the deficiency tax due. The said lists are not exclusive as the assigned RO may also find other findings other than the above enumerations.
5. The assigned RO/s shall endorse the BIR Form No. 1604E filed by the withholding agents of the taxpayer-claimant to their respective RDOs or LTADs/LTDOs that have jurisdiction over the withholding agent for checking as to whether or not the said withholding taxes are indeed remitted to the BIR. **Processing of the claim shall proceed accordingly without awaiting the result of the checking of the RDO or LTAD/LTDO that has jurisdiction over the withholding agent. If found later that the withholding agent did not remit the taxes withheld, it is upon the RDO or LTAD/LTDO to enforce the collection of the said unremitted taxes withheld.**
6. In the course of the verification of claim, the RO with the approval of the head of the processing office and upon recommendation of the GS, shall:
- Recommend deduction from the claim such amount that may lead to the disallowance of the CWT claimed;
  - Inasmuch as a separate eLA is simultaneously handed by the same RO, any findings that may result in deficiency assessment of internal revenue taxes shall be incorporated to the results of investigation under the said eLA; and
  - If the taxpayer has a tax liability, the processing Office, shall notify the Collection Section of the Revenue District Office and/or Collection Division of the Revenue Region or the LT – Collection and Enforcement Division (LTCED) having jurisdiction over the taxpayer-claimant, of the approved VAT refund which may be used or garnished by the BIR to collect either fully or partially for the outstanding delinquent tax liability of the taxpayer-claimant, subject to existing tax laws and revenue issuances on the enforcement and settlement of delinquent accounts.



## B. DOCUMENTS REQUIRED TO BE ATTACHED TO THE DOCKET

1. Table of Contents;
2. Electronic Tax Verification Notice (TVN);
3. All documentary requirements under Annex "A.1";
4. **For BIR Form No. 2307.** – BIR Form No. 1604-E together with the Alphabetical List of Payees filed by the taxpayer-claimant's respective withholding agents or results of verification from the RDO/LT-DPQAD having jurisdiction over the withholding agent or NODC/RDC/MOMD;
5. **For BIR Form No. 1606.** - BIR Payment Certifications in accordance with the format prescribed under RMO No. 7-2016;
6. AITR with SAWT and AFS covering the taxable period/s of claim;
7. Annual and Quarterly ITRs of the succeeding taxable year(s);
8. Roll-forward analysis of income tax returns filed for the current year of claim and succeeding taxable year(s) following Annex "C.1";
9. Matrix showing the revenues/income declared per ITR summarized per customer/client, income payment and corresponding taxes withheld per BIR Form No. 2307/1606, in accordance with the format prescribed under Annex "C.2";
10. Memorandum Report by the RO signed by Revenue District Officer/Chief, LTAD stating the following:
  - a) The business undertaking of the taxpayer;
  - b) The legitimacy and actual existence of the business;
  - c) The factual basis of the claim;
  - d) The legal basis of the claim;
  - e) Findings/result of investigation by the RDO;
  - f) The reason(s) for denial/disallowances, if any,
  - g) Statement recommending the approval/disapproval of the claim which shall include the discussion and verification on the fact of withholding and that the amounts of creditable withholding tax per final ITR should be related to the declared gross sales/revenue; i.e., all income for which taxes withheld are claimed should be reflected in gross sales/revenues.
11. For claims filed in the RDOs, a memorandum report of the reviewing office, if there are review findings that will warrant adjustment to the amount recommended for credit/refund, shall be prepared.
12. In addition to the documents submitted by the taxpayer-claimant, the following shall be prepared and shall form part of the docket of the claim:

Document to be Prepared	Annex	If Claim is Filed in	
		Revenue Region	LTS
Tax Credit/Refund Covering Sheet	"E.1"/ "E.2"	RDO	LTAD
Authority to Issue Income Tax Refund/Tax Credit Certificate	"F"	RDO and/or AD if with review findings	LTAD



Document to be Prepared	Annex	If Claim is Filed in	
		Revenue Region	LTS
BIR Form No. 0500 series generated from the IRIS-CMS	"G"	RDO and AD if with review findings	LTAD
Budget Utilization Request and Status (BURS)	"H"	RDO and AD if with review findings	LTAD
Disbursement Voucher (DV)	"I"	RDO and AD if with review findings	LTAD
Notice of Approval of Income Tax Credit/Refund	"J.1"	RDO and/or AD if with review findings	LTAD
Notice of Denial of Income Tax Credit/Refund	"J.2"		
Tax Credit Certificate	"K"	RDO and/or AD if with review findings	LTAD

13. Working papers and other schedules necessary to support the recommendation of the processing offices; and
14. Other requirements as may be prescribed by law or revenue issuances.

