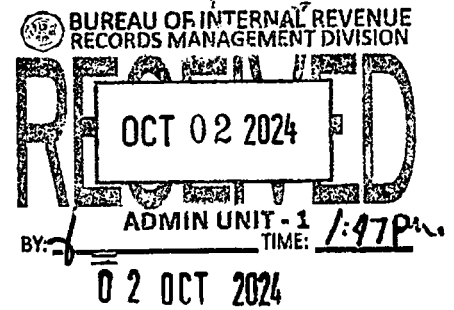




Bringing in Revenues  
for Nation-building

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

Quezon City



REVENUE MEMORANDUM ORDER NO. 042-2024

**SUBJECT :** Amending Certain Provisions of Revenue Memorandum Order No. 23-2024 regarding VAT Refund Claims Automatically Considered as High-Risk or Requiring Full Verification, in Relation to the Risk-Based Approach in the Verification and Processing of Value-Added Tax (VAT) Refunds

**TO :** All Internal Revenue Officials, Employees and Others Concerned

**I. BACKGROUND**

Revenue Memorandum Order (RMO) No. 23-2024 was issued to provide guidelines, policies and procedures in the implementation of the risk-based approach in the verification of VAT refund claims under Section 112(A) of the National Internal Revenue Code of 1997, as amended (Tax Code) by Republic Act No. 11976 or the Ease of Paying Taxes Act. However, in the course of its implementation, certain provisions thereon have to be amended to address concerns of the processing offices and to improve further the efficiency of the processes involved in the risk-based verification of VAT refunds.

It has been observed during the checklisting procedures that while the taxpayer-claimant submits completely all the documentary requirements as enumerated in the Checklist of Mandatory Requirements under Revenue Memorandum Circular (RMC) No. 71-2023, there are instances of missing or incomplete information (e.g., no reference details, incomplete/no transaction details, etc.) in the schedules of sales and purchases submitted. Previously, transactions from the schedules of sales and purchases with incomplete or missing information were 100% verified against the source documents to check the accuracy of the schedules and the validity of the source documents during the verification stage.

With the implementation of the risk-based approach in the verification of VAT refund claims, the completeness of the information supplied in the schedules of sales and purchases is very crucial, as the scope of verification varies depending on the claim's risk classification.

Hence, to address the issue of applications with incomplete/missing information on the schedules of sales and purchases, such applications shall automatically be classified as high-risk and shall require 100% verification in accordance with the risk-based approach on the verification of VAT refund claims.

## II. OBJECTIVE

This Order is hereby issued to amend certain provisions of RMO No. 23-2024 specifically on the list of VAT refund claims automatically considered as high-risk following the risk-based approach in the verification and processing of VAT refunds.

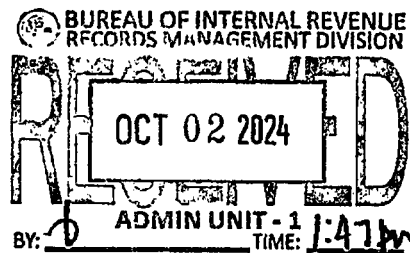
## III. AMENDMENTS

Section II (1) of RMO No. 23-2024 is hereby amended to read as follows:

### ***"II. IDENTIFICATION OF THE RISK CLASSIFICATION OF THE CLAIM***

1. *The following VAT refund claims shall be automatically considered as high-risk or shall require full verification:*

- a. xxx
- b. xxx
- c. xxx
- d. xxx
- e. xxx
- f. xxx
- g. xxx
- h. xxx; and



i. *Applications with incomplete or missing information (e.g., no reference details, incomplete/no transaction details, etc.) on the schedules of sales and purchases following the prescribed format.*

xxx

*The enumeration under (a) to (i) shall not be considered exclusive. Other cases may be considered as high-risk claims as determined by the Commissioner of Internal Revenue based on reasonable criteria (e.g. relevant risk factors not otherwise captured in the risk matrix under item 2 of this Section). These shall be covered by a separate revenue issuance."*

## IV. REPEALING CLAUSE

All provisions of revenue issuances/memoranda inconsistent herewith are hereby repealed, amended or modified accordingly.

## V. EFFECTIVITY

This Order shall take effect immediately.



*Romeo D. Lumagui, Jr.*  
ROMEO D. LUMAGUI, JR.  
Commissioner of Internal Revenue