



**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 12079, OR
“AN ACT CREATING A VAT REFUND MECHANISM FOR NON-RESIDENT TOURISTS,
ADDING A NEW SECTION 112-A TO THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED, FOR THE PURPOSE”**

Pursuant to Section 2 of Republic Act (R.A.) No. 12079, entitled “An Act Creating a VAT Refund Mechanism for Non-Resident Tourists, Adding a New Section 112-A to the National Internal Revenue Code of 1997, as amended, for the purpose”, the Department of Finance (DOF), in consultation with the Department of Trade and Industry (DTI), Department of Transportation (DOTr), Department of Tourism (DOT), Department of Information Communications Technology (DICT), National Economic and Development Authority (NEDA), Department of Budget and Management (DBM), Commission on Audit (COA), Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC), hereby promulgates the following Implementing Rules and Regulations.

GENERAL PROVISIONS

Section 1. Purpose. – This Implementing Rules and Regulations (IRR) are adopted to prescribe the guidelines, procedures, and standards for the implementation of a VAT Refund System for tourists (VRS) in the Philippines. This IRR also outlines the roles of the implementing agencies, VRS operator/s, and duly accredited stores in implementing the VRS.

Section 2. Scope and Coverage. – This IRR shall apply to Value-Added Tax (VAT) refund claims of tourists visiting the Philippines on their local purchases of eligible goods from duly accredited stores.

Section 3. Definition of Terms. – For purposes of this IRR, the following terms shall mean:

- a. **“Accompanied Baggage”** refers to baggage, whether checked-in or hand-carried, brought by a tourist when leaving the country, and traveling in the same means of transport as the tourist.
- b. **“Commercial Quantity”** refers to the quantity for a given kind or class of articles that is in excess of what is compatible with and commensurate to the person’s normal requirements for personal use.
- c. **“Duly Accredited Stores”** refer to brick-and-mortar stores or physical retail establishments accredited under this IRR where customers can visit in person

to purchase goods.

- d. **“eTravel Registration”** refers to a system-generated registration issued to tourists in a digital format via email or through electronic viewing in the eTravel app or website.
- e. **“Invoice”** refers to a written account duly registered with the BIR evidencing the sale of goods and/or services issued to customers in the ordinary course of trade or business. This includes Sales Invoice, Cash Invoice, Charge/Credit Invoice, or Miscellaneous Invoice.
- f. **“Personal Use”** refers to uses, other than resale, including for household or family consumption.
- g. **“Tourist”** refers to non-resident foreign passport holders who visit the Philippines. For purposes of this IRR, the term **“non-resident”** shall refer to an individual who is a mere transient or sojourner who comes to the Philippines for a definite purpose which in its nature may be promptly accomplished.
- h. **“VAT Refund System (VRS)”** refers to an end-to-end system by which an eligible tourist can claim VAT refund for locally purchased goods.
- i. **“VRS Operator”** refers to a third-party entity engaged for the design, build, and overall operations of the VRS.

Section 4. Requisites for Availment. - A tourist shall be eligible to receive a refund of the VAT paid on purchased goods if the following requirements are met:

- a. The goods are purchased in person by the tourist from duly accredited stores;
- b. The goods are physically taken out of the Philippines by the tourist as accompanied baggage, within sixty (60) days from the date of purchase; and
- c. The value of the goods purchased per single transaction is equivalent to at least Three Thousand Pesos (P3,000.00) covered by a single invoice: *Provided, That* the amount shall be adjusted using the cumulative inflation for the past three (3) years as published by the Philippine Statistics Authority (PSA).

Filipinos with dual citizenship shall be eligible to avail a VAT refund if they use their foreign passport in entering and exiting the Philippines and they fall under the definition of “tourist” in this IRR.

Sales to citizens and residents of the Philippines, and foreign nationals residing in the

country (e.g., diplomats, consular officers, expatriates, and VAT-exempt foreign nationals) are not eligible for VAT refund.

Section 5. Eligible Goods. – The VAT refund shall only apply to retail and tangible goods, such as clothing, apparel, electronics, gadgets, jewelry, accessories, souvenirs, food or non-food consumables, and other goods intended for personal use.

The following are not qualified for the VAT refund under this IRR:

- a. Goods in commercial quantity;
- b. Goods to be consumed fully or partially in the Philippines;
- c. Goods purchased from e-marketplaces and other digital or online stores; and
- d. Services, such as transportation, accommodation, or other hospitality services.

Section 6. VAT Refund Process. – The processing of VAT refund claims under this IRR shall be subject to the following general guidelines:

- a. The tourist intending to avail of the VAT refund shall present their valid foreign passport and eTravel registration to the duly accredited store prior to the purchase of eligible goods.
- b. The duly accredited store shall verify the identity and eligibility of the tourist for VAT refund by checking the foreign passport and eTravel registration presented. A photocopy or an image of the foreign passport may be presented, subject to presentation of the original to the VRS operator upon validation of the refund claim.
- c. The duly accredited stores shall input the tourist's foreign passport and purchase transaction details in the VRS.
- d. The duly accredited stores shall, in all transactions, comply with the provisions of the Tax Code and applicable rules and regulations.
- e. At the airport or seaport, the tourist claiming VAT refund shall present their foreign passport to the VRS operator.
- f. If physical inspection of the goods is required, the tourist must proceed to the Customs Inspection counter for further inspection and validation before their refund claim can be processed.

- g. After the successful validation of the claim for VAT refund, the same shall be approved and paid by the VRS operator in Philippine currency either in cash or electronically (e.g., digital wallets, bank transfers, or credit cards). The electronic payment of the VAT refund shall only be made directly to the digital wallet, bank, or credit card account of the tourist claiming such refund. In case of cash refunds, the same shall be subject to applicable regulations on cross-border transfer of Philippine currency.
- h. The tourist shall be charged with a service fee, which maximum amount shall be set by the DOF, for the processing of the refund. Transaction fees imposed by digital wallets, banks, or other entities for the electronic transfer or payment of the refund amount shall also be borne by the tourist.

Section 7. Digital Identifier under the eTravel System. – The DOF shall coordinate with the DICT to facilitate the integration of a digital identifier for tourists qualified for VAT refund in the eTravel System. Such identifier shall be viewable in the eTravel registration.

Section 8. Risk-Based Classification of VAT Refund Claims. – The VRS operator, in consultation with the BIR and BOC, shall classify VAT refund claims as either low- or high-risk.

If the refund claim is classified as high-risk, the tourist shall be required to present the goods purchased for inspection and further validation by the BOC. Low-risk VAT refund claims shall only be subject to random inspection and validation.

The BIR and BOC, in consultation with relevant government agencies, shall issue a joint issuance providing for the criteria and procedure of the risk-based classification of VAT refund claims.

Section 9. Accreditation of Stores. – VAT-registered retail establishments intending to participate in the VRS shall undergo accreditation with the VRS operator. For this purpose, the establishment shall submit the following requirements:

- a. BIR Certificate of Registration;
- b. Registration with the Department of Trade and Industry (DTI) or the Securities and Exchange Commission;
- c. Other documentary or system requirements as may be prescribed.

The VRS operator shall provide duly accredited stores with an issuing solution for processing transactions, training, performance reporting, marketing and promotions

support, and other services required to ensure the efficient processing of sales transactions subject to VAT refund, at no additional cost.

The VRS operator, DOF, DOT, and other agencies shall publish the complete list of duly accredited stores on their respective websites.

Section 10. Roles of Implementing Agencies. – The roles of the following agencies in the administration and implementation of the VRS are as follows:

a. Department of Finance (DOF)

- i. The DOF shall engage the services of one or more reputable and internationally recognized VRS operators that shall provide end-to-end solutions for the establishment and operation of the VRS;
- ii. The DOF shall provide policy direction, in consultation with the relevant government agencies, with respect to the implementation of the provisions of R.A. No. 12079 and this IRR;
- iii. The DOF, through the Secretary of Finance, shall review and approve the recommendation of the Commissioner of Internal Revenue on the adjusted threshold amount of goods purchased per transaction under Section 4 of this IRR, as may be necessary, and in accordance with the CPI issued by the PSA;
- iv. The DOF shall coordinate with the DICT to facilitate the integration of a digital identifier for tourists qualified for VAT refund in the eTravel System;
- v. The DOF shall coordinate with the DOTr on the planning and installation of VAT refund counters or kiosks in strategic locations in airports and seaports having international flights or voyages;
- vi. The DOF shall coordinate with the DTI to encourage and promote the participation and accreditation of retail establishments in the VAT Refund System; and
- vii. The DOF and NEDA shall periodically monitor the economic impact of the VAT Refund System under R.A. No. 12079.

b. Bureau of Internal Revenue (BIR)

- i. The BIR shall issue detailed rules and regulations outlining the requirements to be submitted by the VRS operator and the procedure for the processing of the payment of VAT refunds made by the VRS operator;
- ii. The BIR shall jointly execute with DBM a separate issuance on the charging of the amount necessary for the VAT refund system against the special account in the General Fund as provided under Section 106 of the NIRC;

- iii. The BIR shall execute a Data Sharing Agreement with the DICT to be provided access to relevant information collected through the eTravel System on tourists qualified for VAT refund, for verification purposes; and
- iv. The Commissioner of Internal Revenue shall recommend the adjusted threshold amount of goods purchased per transaction under Section 4 of this IRR, as may be necessary, and in accordance with the CPI issued by the PSA.

c. Bureau of Customs (BOC)

- i. The BOC shall, in proper cases, conduct the inspection and validation of goods prior to the grant of VAT refund.

Section 11. Roles of the Duly Accredited Stores. – The duly accredited stores shall be required to:

- a. Verify the foreign passport and eTravel registration and input the tourist's foreign passport and purchase transaction details in the VRS.
- b. The duly accredited stores shall, in all transactions, comply with the provisions of the Tax Code and applicable rules and regulations.
- c. Provide the BIR with sales reports for monitoring and post-audit purposes, and other data as may be prescribed through a separate issuance.

Section 12. Roles of the VRS Operator. – The roles of the VRS operator are as follows:

- a. The VRS operator shall be responsible for the design, build, and overall operations of a fully digital end-to-end VRS, including:
 - i. Issuing solutions for duly accredited stores;
 - ii. Digital tools for tourists availing of the VAT refund;
 - iii. Risk-based digital validation system;
 - iv. Processing systems including processing and payment of VAT refunds to payment cards and digital wallets;
 - v. Reporting and intelligence tools;
 - vi. Hosting of systems and data by the VRS operator; and
 - vii. Product renewal, upgrades, and future improvements.
- b. The VRS operator shall implement a "traveller-pay model" where the cost of operating the VRS shall be funded by the service fee charged to the tourist and deducted from the VAT refund amount;
- c. The VRS operator shall accredit the merchants according to Section 9 of this

IRR, and provide training support, performance reporting, and marketing and promotions support as determined by the VRS operator based on the size of the merchant;

- d. The VRS operator shall pay the tourists upon complete validation of the claim, the appropriate VAT refund amount net of service fee, subject to the reimbursement procedure under Section 14 of this IRR;
- e. The VRS operator shall facilitate the VAT refund process under this IRR for eligible tourists and provide them with information, digital tools, promotions, and assistance related to the VRS to encourage shopping and guiding the eligible tourists throughout the refund process;
- f. The VRS operator may coordinate and collaborate with the DOT for information dissemination and promotion of the VAT Refund System for tourists;
- g. The VRS operator shall ensure the information system security of the VRS;
- h. The VRS operator shall provide the DOF, BIR, and BOC, the appropriate validation system, hardware, capacity building, and technical support;
- i. The VRS operator shall act as an agent of the tourist in relation to claims of VAT refund under R.A. No. 12079 with the BIR, and all other matters necessary or incidental thereto;
- j. The VRS operator shall provide BIR access to VRS information on transactions with duly accredited stores and actual refund claims, and such other documents or reports as may be required by the BIR for purposes of processing the reimbursement of VAT refunds for non-resident tourists; and
- k. The VRS operator shall provide for measures to ensure continuity of operations in case the VRS should encounter technical issues or other extraordinary circumstances.

Section 13. Accreditation of VRS Operators. – The VRS operators shall be accredited in accordance with the qualification criteria and compliance with the documentary requirements set forth in a separate issuance.

Section 14. Procedure for Reimbursement. - The VRS operator shall apply for reimbursement of the amount of VAT refunded to tourists, subject to the submission of documentary requirements with the BIR.

The BIR shall verify the documents submitted and shall process the reimbursement

of the refund amount within thirty (30) days from the complete submission of documentary requirements, subject to disallowances in case of any discrepancy or deficiency that may be found in the supporting documents.

The BIR shall issue a revenue issuance providing for the procedure and documentary requirements for the VRS operator to claim reimbursement.

The VRS, the refunds made to tourists, and the payment made to the VRS operator shall be subject to the post-audit by the Commission on Audit, subject to applicable rules and regulations.

Section 15. Information Dissemination. - The DOF shall coordinate with the DOT and DTI to facilitate the dissemination of external communications to promote the VRS to tourists, retailers, and other stakeholders.

Section 16. Study of Economic Impact of VAT Refund System for Tourists. - The DOF and the NEDA shall, every three (3) years, conduct studies to determine and monitor the economic impact of the VAT Refund System for tourists.

The DOF shall coordinate with the DOT and DTI to provide the necessary data to relevant agencies, including tourism spending data, retail statistics, and other pertinent information, to facilitate the analysis of the economic impact of the VAT Refund System for tourists.

FINAL PROVISIONS

Section 17. Appropriation. – The amount necessary for the VAT Refund System shall be charged against the special account in the General Fund as provided under Section 106 of the NIRC.

Section 18. Review of Rules and Regulations. – The DOF shall conduct a general review of the IRR as necessary based on new economic conditions, tourism trends, fiscal policies, and international standards.

Section 19. Additional Requirements. - The DOT, DTI, DOTr, DICT, DBM, NEDA, BOC, the BIR, and COA may issue pertinent administrative orders, memorandum circulars, or other similar documents further providing details for the implementation of this IRR.

Section 20. Separability Clause. – If any provision of these rules is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected shall remain in full force and effect.

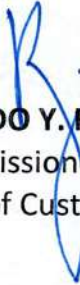
Section 21. Effectivity. – These rules shall take effect immediately upon publication in a newspaper of general circulation.

Approved,


RALPH G. RECTO
Secretary
Department of Finance




ROMEO D. LUMAGUI, JR.
Commissioner
Bureau of Internal Revenue


BIENVENIDO Y. RUBIO
Commissioner
Bureau of Customs



BY:


MARISSA O. CABREROS
Deputy Commissioner
Operations Group
Officer-in-Charge
(per RDAO No. 15-2025)
Date of Signing: March 21, 2025



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE



REVENUE DELEGATION AUTHORITY ORDER NO. 015-2025


In view of the official travel of the undersigned to attend the **30th Session of the United Nations Committee of Experts on International Cooperation in Tax Matters on March 24 to 27, 2025** and **Economic and Social Council Special Meeting on International Cooperation in Tax Matters on March 28, 2025 (exclusive of travel time)**, which will be held in **United Nations Headquarters, New York City, USA**, and in order not to disrupt the operation of this Bureau, as the exigencies of the service so require, **Deputy Commissioner MARISSA O. CABREROS** of the Operations Group is hereby designated as **Officer-In-Charge**, to perform the powers and duties of the Commissioner on all matters, except the following:

1. Signing of revenue travel assignment orders and revenue special orders for reassignment of personnel;
2. Approval of original and promotional appointments;
3. Approval of decisions on administrative cases involving dismissal of revenue officials and employees from the service; and
4. All powers which cannot be delegated under Section 7 of the Tax code of 1997, as amended.

This Order shall take effect on **March 24, 2025** and shall be automatically revoked upon the return of undersigned for official duty.

MAR 21 2025




ROMEO D. LUMAGUIN, JR.
Commissioner of Internal Revenue

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