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Streamlining the processing of duty drawbacks and value-added tax/excise-tax claims in the BOC

President Duterte has always emphasized his administration's drive to streamline front-line government services. As a result, Customs Commissioner Nicanor E. Faeldon issued Customs Special Order (CSO) 36-2016 on August 3, dissolving the Tax-credit Secretariat (TCS) of the Bureau of Customs (BOC).

The BOC's TCS was created pursuant to CSO 56-2013 to receive and process duty drawbacks and value-added tax (VAT)/excise-tax refunds, endorsed either by the Bureau of Internal Revenue (BIR) or by the One-Stop-Shop of the Department of Finance (OSS-DOF). Once the secretariat determines that a refund or that a tax credit certificate should be issued, it would endorse the same to the commissioner of Customs for his or his duly designated tax-credit approving authority's signature. The signed indorsement will be forwarded to the Accounting Division, Financial Management Office (FMO) of the BOC, which will then prepare the refund or the tax-credit certificate.

As it now stands, CSO 36-2016 provides that claims for duty drawback endorsed by the OSS-DOF or approved claims for refund of VAT and/or excise tax indorsed either by the OSS-DOF or the BIR will now be received at the Office of the Commissioner of Customs. Such will first be recorded and, thereafter, forwarded to the Revenue Accounting Division (RAD) for payment verification and checking of documents. The RAD will then issue a certification attesting to the payment of duties and taxes on shipments subject of the duty drawback or refund of VAT/excise tax and their remittance to the Bureau of Treasury.

In case of VAT/excise-tax refunds, the RAD will indorse the entire docket of the claim to the Accounting Division, FMO of the BOC for confirmation of the amount due as refund, based on a certification to be issued by the RAD. The Accounting Division will then prepare the Disposition Form and Tax Credit Certificate (TCC), in the amount due for refund, and forward the same to the Office of the Commissioner of Customs for his signature, or any of his authorized representatives.

The RAD is also authorized to issue tax debit memos (TDMs) under the BOC's E2M System for TCC utilization, in addition to processing of claims for duty drawbacks and VAT/excise-tax refunds. Because of this additional function, the chief of the RAD is given immediate access to the BOC's E2M system.

To keep track of the processing of such claims, the chief of the RAD is required to submit to the Office of the Commissioner a monthly report on all claims received and processed by his office, including TCCs, which have already been approved to utilization, and the amounts thereof.

Under CSO 36-2016, all offices and units of the BOC involved in the processing of claims for duty drawbacks and VAT/excise-tax refunds are reminded to strictly observe the timelines provided under existing laws, rules and regulations. Any complaints received by the BOC as a result of unreasonable delays in the processing of duty drawbacks and VAT/excise-tax refunds will be dealt with accordingly.

With this new development in procedures, it is apparent that the BOC is headed toward an era where the interest of the service is reinforced rather than being placed on the back burner. It is hoped that such a drive would continue, not just in the BOC, but in all other government agencies, as well.

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