Legal Watch

REVENUE MEMORANDUM CIRCULAR NO. 44-2026

Photo Credit: BusinessMirror

Agency Name

Bureau of Internal Revenue (BIR)

Issuance Title

Refer to summary

Issuance Date

13 May 2026

Link

https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2044-2026.pdf

SUMMARY

Circularizing Department of Finance (DOF) Department Order No. 018-2025, entitled "Guidelines for Accreditation of Value Added Tax (VAT) Refund System Operators Pursuant to Republic Act No. 12079 Otherwise Known as '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'"

Revenue Memorandum Circular (RMC) No. 44-2026 circularizes DOF Department Order No. 018-2025, which sets out the guidelines for the accreditation and supervision of Value-Added Tax Refund System (VRS) operators under Republic Act No. 12079, or the law creating a VAT refund mechanism for non-resident tourists.

Under the DOF guidelines, a VAT Refund System refers to a digital end-to-end system through which an eligible tourist may claim a VAT refund for locally purchased goods. A VRS operator is a third-party entity accredited to design, build, and operate this system. The system is intended to support the implementation of the tourist VAT refund mechanism under RA No. 12079.

The VRS operator will be responsible for the overall operation of the VAT refund system, including issuing solutions for accredited stores, providing digital tools for tourists, maintaining a risk-based digital validation system, processing VAT refund payments to payment cards and digital wallets, maintaining reporting tools, hosting systems and data, and implementing upgrades and future improvements. The operator will also accredit participating stores, provide training and support, assist tourists throughout the refund process, and give the BIR access to VRS information on transactions and actual refund claims.

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SUMMARY

The guidelines adopt a "traveler-pay model" wherein the cost of operating the VRS will be funded by a service fee charged to the tourist and deducted from the VAT refund amount. The VRS operator will pay the tourist the appropriate VAT refund amount, net of the service fee, after complete validation of the claim.

To be pre-qualified, a prospective VRS operator, its parent company, or relevant subsidiaries must generally have significant international experience. Among others, it must operate VAT refund services in at least 20 countries, foreign economies, or administrative regions, have operated VAT refund services for at least five years, operate or have operated digital end-to-end VAT refund services in at least two geographic regions, not be blacklisted or have had its contract or license revoked by any jurisdiction, and possess relevant international certifications.

The accreditation of a VRS operator is valid for five years, subject to renewal upon evaluation of performance and continued compliance. The VRS operator must also post a Php 5 million performance bond before the issuance of the Notice to Commence/Implement.