



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Blvd. corner P. Ocampo St., 1004 Manila



DEPARTMENT ORDER NO. 018.2025
Series of 2025

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”

WHEREAS, Republic Act (R.A.) 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” was signed into law to encourage foreign tourists to shop and spend more in the Philippines by providing for a system that allows foreign tourists to reclaim the VAT paid on their purchases, which can then be used to offset high travel costs;

WHEREAS, the Department of Finance (DOF), pursuant to Section 2 of R.A. No. 12079, issued the Implementing Rules and Regulations (IRR) for the faithful implementation of the intent and provisions of said law, in consultation with the Department of Trade and Industry (DTI), Department of Transportation (DOTr), Department of Tourism (DOT), Department of Economy, Planning, and Development (DEPDev), Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC);

WHEREAS, under said IRR, VAT Refund System (VRS) operators shall be accredited in accordance with the qualification criteria and after compliance with the documentary requirements set forth in a separate issuance;

NOW, THEREFORE, pursuant to the above-mentioned, and subject to the limitations of its mandates conferred by law, the DOF hereby promulgates the following guidelines through this Department Order (DO).

PART I
PRELIMINARY PROVISIONS

SECTION 1. SCOPE

This DO shall cover the accreditation and supervision of VRS operators pursuant to R.A. No. 12079 and its IRR.

SECTION 2. OBJECTIVES

- a. To establish the administrative and operational guidelines, qualification

criteria, documentary requirements, and procedures for the accreditation and supervision of VRS operators.

- b. To harness the technical expertise and maximize the participation of the private sector in the establishment and operation of a VRS pursuant to the provisions of R.A. No. 12079 and its IRR.
- c. To outline the roles and responsibilities of the Accreditation Committee, the member agencies, and VRS operators with respect to the accreditation procedure.

SECTION 3. DEFINITION OF TERMS

As used in this DO:

- a. **“Service Level Agreement (SLA)”** refers to the documented agreement between the VRS operator and the DOF that identifies the services to be provided and service targets which define the parameters for evaluating the delivery and performance of a service.
- b. **“Tourist”** refers to non-resident foreign passport holders who visit the Philippines. For purposes of this DO, 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.
- c. **“VAT Refund System (VRS)”** refers to a digital end-to-end system by which an eligible tourist can claim VAT refund for locally purchased goods.
- d. **“VRS Operator”** refers to a third-party entity accredited for the design, build, and overall operations of the VRS.

SECTION 4. DUTIES AND RESPONSIBILITIES OF THE VRS OPERATOR

The duties and responsibilities 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.
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- 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 stores, and provide training support, performance reporting, and marketing and promotions support as determined by the VRS operator based on the size of the store;
 - 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 the IRR;
 - e. The VRS operator shall facilitate the VAT refund process 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 VRS to 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 tourists 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;
 - 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;
 - l. The VRS operator shall be fully compliant with the requirements under R.A. No.

10173 otherwise known as the “Data Privacy Act”, particularly on the appointment of a Data Protection Officer and the registration of personal data processing systems with the National Privacy Commission; and

- m. The VRS operator shall provide, upon request by the Accreditation Committee, any and all information related to its function as authorized agent or service provider. The VRS operator shall likewise make available its assigned technical expert to testify on matters involving the processing of personal or confidential business information.

PART II PRE-QUALIFICATION

SECTION 5. PRE-QUALIFICATION

A party intending to be accredited as a VRS operator shall be eligible to participate in the accreditation upon determination that they are a reputable, globally-recognized, and experienced VRS operator as required by Section 112-A of R.A. No. 8424, as amended by R.A. No. 12079. Said party, its parent company, or the latter’s subsidiaries, individually or collectively, must meet the following to be pre-qualified:

- a. Operates VAT refund services in at least twenty (20) countries, foreign economies, or administrative regions;
- b. Has operated VAT refund services for at least five (5) years;
- c. Operates or has operated digital end-to-end VAT refund services in at least two (2) geographical regions¹;
- d. Must not have been blacklisted by the Philippine Government, or had its contract/license revoked by any country, foreign economy, or administrative region; and
- e. Must possess ISO/IEC 27001:2013 and ISO/IEC 20000-1:2018 Certifications, or equivalent international certifications.

SECTION 6. PRE-QUALIFICATION PROCEDURE

The following pre-qualification procedure shall be undertaken by the DOF, through the Accreditation Committee:

- a. The Accreditation Committee shall publish an Invitation to Apply for Accreditation (invitation) in a newspaper of general circulation and on the DOF official website for two (2) consecutive weeks.

¹ Considering the following geographic segmentation: (1) Asia-Pacific (APAC); (2) Europe, Middle East, Africa (EMEA); (3) North America (NA); (4) Latin America (LATAM)

- b. The interested party shall submit its Letter of Intent together with the documentary requirements as stated in the Invitation.
- c. Documentary requirements have to be signed, certified, apostilled and/or notarized. Documents submitted by courier, email, facsimile transmission, or other forms of electronic submission will not be accepted.
- d. All requirements shall be personally delivered and submitted by the applicant VRS operator to the Accreditation Committee Secretariat on or before the date and time specified in the Invitation. Late and incomplete submissions will not be accepted.
- e. Within seven (7) working days from the date of submission of the complete documentary requirements, the Accreditation Committee shall determine whether the applicant is pre-qualified to apply for accreditation. If the applicant is not pre-qualified, the Accreditation Committee shall issue a written notice stating the reasons therefor.

SECTION 7. PRE-QUALIFICATION REQUIREMENTS

- a. Letter of Intent stating the following:
 - i. the party's intention to participate in the VRS operator accreditation; and
 - ii. if unincorporated, the party's intention to organize a corporation or form a joint venture, and register the same under the laws of the Philippines;
- b. Individual attestations from competent authorities of countries, economies, and administrative regions with which existing contracts for VAT refund services are being implemented by the party;
- c. Sworn Statement providing the following information:
 - i. Number of countries, economies, and administrative regions where VAT refund services are being operated (specify countries, economies/administrative regions);
 - ii. Number of geographic regions with existing contracts for provision of digital end-to-end VAT refund systems (specify geographic regions); and
 - iii. Years of experience operating VAT refund services;
- d. Duly-attested matrix of completed, ongoing, and cancelled service contracts for the operation of a digital end-to-end VRS under a "traveller-pay" model, as well as the following information:
 - i. country, economy, and administrative region;

- ii. company operating (parent or subsidiary of parent);
 - iii. description of VRS being implemented;
 - iv. inclusive period;
 - v. status of service contract;
 - vi. refunds granted, pending, and denied in absolute numbers and percentages; and
 - vii. remarks;
- e. Statement under oath attesting that the applicant, its parent corporation, or the latter's subsidiaries, or in the case of a joint venture, its co-venturers, are not listed in the GPPB Consolidated Blacklisting Report as blacklisted entities;
 - f. Statement under oath attesting that the applicant, its parent corporation, or the latter's subsidiaries, or in the case of a joint venture, its co-venturers, have not had their licenses or contracts revoked by any foreign jurisdiction;
 - g. Certified copies of ISO/IEC 27001:2013 and ISO/IEC 9001:2015 for information security management systems and service management systems, respectively, or other equivalent international certifications;
 - h. Certified true copies of the Audited Annual Financial Statements for the last three (3) taxable years of the party intending to be accredited or its parent company;
 - i. Written declaration of any conflict of interest or potential risk on the part of the applicant that may affect the party's services throughout the term of the contract; and
 - j. Certification under oath that each of the documents submitted is an authentic and original copy, or a true and faithful reproduction of the original, complete, and that all statements and information provided therein are true and correct.

PART III ACCREDITATION

SECTION 8. ACCREDITATION PROCEDURE

The following accreditation procedure for pre-qualified entities shall be undertaken by the DOF, through the Accreditation Committee:

- a. The DOF shall release the Terms of Reference (ToR) to the pre-qualified applicants which shall include, among others, the system and the functional and financial requirements for VRS operators' respective technical and financial proposals. The Accreditation Committee shall likewise release its Testing

Criteria that will serve as guidance for testing the VRS.

- b. The pre-qualified applicant shall submit a notarized Non-Disclosure Agreement (NDA) to protect against unauthorized disclosure and processing of confidential business or personal information.
- c. Pre-qualified applicants shall prepare and submit their technical and financial proposals within the time provided in the ToR.
- d. Using the agreed Testing Criteria as a reference, the Accreditation Committee shall organize a Quality Assurance Team to determine the compliance of the candidate VRS operator to the system requirements. The testing, which may be performed alongside the Commission on Audit, shall also include checks for the integrity and user-friendliness of the system, among others.
- e. The Accreditation Committee shall evaluate and rank the applicants with the assistance of a technical working group, as may be created.
- f. The Accreditation Committee shall submit a recommendation for VRS operator accreditation to the Secretary of Finance for approval.
- g. Upon approval of the Secretary of Finance, the Accreditation Committee shall issue a Notice of Accreditation to the VRS operator/s.
- h. Accredited VRS operator/s shall sign an SLA with the DOF.
- i. Accredited VRS operators cannot implement or commence any service until it has been granted with a Notice to Commence/Implement by the DOF.

SECTION 9. REQUIREMENTS FOR ACCREDITATION

To be accredited, the pre-qualified VRS operator must comply with the requirements and specifications of the ToR.

Conformity with the ToR must be supported by the submission of complete documentary requirements as set forth below and in the ToR itself.

a. Class A - Legal Documents:

- i. Secretary's Certificate or any equivalent document attesting the intent to apply for accreditation and stating the VRS operator's authorized signatories and representatives;
- ii. Certified true copies of the following:

1. Securities and Exchange Commission Certificate of Registration, Articles of Incorporation and By-Laws, and updated General Information Sheet; and
2. Bureau of Internal Revenue Certificate of Registration;
- iii. Notarized NDA to protect against unauthorized disclosure and processing of confidential business or personal information; and
- iv. Certification under oath that each of the Class A - Legal Documents submitted in satisfaction of the eligibility requirements is an authentic and original copy, or a true and faithful reproduction of the original, complete, and that all statements and information provided therein are true and correct.

b. Class A - Technical Documents:

Applicants shall submit their technical and financial proposals based on the ToR.

c. Class A - Financial Documents:

Applicants shall submit a Certification from the Treasurer on the amount of paid-up capital of the corporation.

d. Class B Documents:

- i. Company profile with names and designations of the company's Board of Directors or partners;
 - ii. Statement of the company's principals and key staff with their qualifications, technical competence, experience and other related expertise;
 - iii. Certified true copy of the valid joint venture or consortium agreement, in case of a joint venture or consortium, if applicable;
 - iv. Letter authorizing the Accreditation Committee or its duly authorized representative/s to verify any or all of the documents submitted for eligibility check; and
 - v. Written declaration of any conflict of interest on the part of the applicant.
- e. Payment of the accreditation fee of Five Hundred Thousand Pesos (PhP 500,000.00): *Provided, further,* that the rate may be adjusted by the Accreditation Committee, subject to the approval of the Secretary of Finance.

Upon the recommendation of the Accreditation Committee, the Secretary of Finance may change or modify any of the eligibility criteria as may be deemed necessary to address particular requirements which may arise from the issuance of new rules and

regulations.

SECTION 10. TREATMENT OF JOINT VENTURES AND CONSORTIUMS

Applications will be considered from single entities, joint ventures, or consortiums. The prequalification and eligibility requirements outlined in **Section 7** may be fulfilled collectively by all of the member companies in a joint venture or consortium. All member companies must, however, submit each of the "Class A - Legal Documents" listed above.

A member of a particular consortium or joint venture cannot be a member of any other consortium applying for accreditation. Also, such member/s cannot apply independently for accreditation.

SECTION 11. CONDITIONS FOR ISSUANCE OF NOTICE TO COMMENCE/IMPLEMENT

The Notice to Commence/Implement shall be issued to the accredited VRS operator/s after compliance with the following conditions:

- a. Signing of an SLA between the VRS operator/s and the DOF; and
- b. Posting of a Performance Bond amounting to Five Million Pesos (PhP 5,000,000.00), issued by a surety company duly accredited by the Insurance Commission, valid for the entire duration of the SLA, which shall be forfeited in favor of the DOF in the event that the selected VRS operator is established to be in default of any of its obligations, as provided under the SLA or NDA, without prejudice to other legal remedies that may be instituted to protect the interest of the government.

SECTION 12. VALIDITY PERIOD OF ACCREDITATION

The accreditation of VRS operator/s shall be valid for a period of five (5) years.

SECTION 13. RENEWAL OF ACCREDITATION

The Secretary of Finance, upon recommendation of the Accreditation Committee, may renew a VRS operator's accreditation after due evaluation of the quality of their performance as measured by the ToR and continued compliance with the requirements under this DO: *Provided*, that the accreditation may be renewed for such period as may be determined by the Secretary of Finance, but in no case shall such period exceed five (5) years: *Provided, further*, that the application for renewal shall be filed not later than three (3) months prior to the expiration of the original period: *Provided, finally*, that if the Secretary of Finance fails to act on the renewal application,

the accreditation shall be deemed automatically extended on a daily basis until final action is taken.

SECTION 14. GROUNDS FOR SUSPENSION, REVOCATION, AND/OR TERMINATION OF ACCREDITATION

The following acts or omissions shall constitute grounds for the suspension, revocation, and/or termination of the VRS operator's accreditation:

- a. Any breach of the provisions of the SLA or the NDA executed by the VRS operator;
- b. Demonstrated poor performance, gross negligence, or willful misconduct in the discharge of its obligations; and
- c. Any violation of the provisions of R.A. No. 8424 or the National Internal Revenue Code of 1997, as amended by R.A. No. 12079, R.A. No. 10863 or the Customs Modernization and Tariff Act, and other applicable laws, rules, and regulations.

SECTION 15. INVESTIGATION

The Secretary of Finance, through the Accreditation Committee, may, at any time, investigate violations of the provisions of R.A. No. 12079, its IRR, and/or this Order, and employ all means necessary to ascertain pertinent facts that will assist in imposing appropriate sanctions of suspension, revocation, and/or termination of accreditation, as the case may be.

The Secretary of Finance, upon the recommendation of the Accreditation Committee, shall, after investigation and determination of the presence of any of the grounds set forth under Section 14 hereof, issue a written notice to the concerned VRS operator directing them to submit a written explanation within fifteen (15) working days from receipt thereof.

SECTION 16. SUSPENSION, REVOCATION, AND/OR TERMINATION OF ACCREDITATION

The Secretary of Finance, upon the recommendation of the Accreditation Committee, may suspend, revoke, and/or terminate the accreditation of a VRS operator within thirty (30) working days from receipt of the written explanation of the VRS operator.

The suspension or revocation of accreditation shall be without prejudice to the imposition of appropriate fines and penalties and the filing of appropriate administrative, civil, and/or criminal case/s.

SECTION 17. APPEAL OF SUSPENSION, REVOCATION AND/OR TERMINATION OF ACCREDITATION

An appeal against a revocation, suspension, or termination of an accreditation imposed by the Secretary of Finance on a VRS operator may be filed with the Office of the President within fifteen (15) working days from the receipt of the suspension, revocation, or termination order.

SECTION 18. NON-RENEWAL OF SUSPENDED, REVOKED AND/OR TERMINATED ACCREDITATION OF VRS OPERATOR/S

No application for the renewal of a suspended, revoked, or terminated accreditation as a VRS operator shall be entertained unless such suspension, revocation, or termination has been lifted by the Secretary of Finance, upon the recommendation of the Accreditation Committee.

SECTION 19. FEES

Subject to the approval of the Secretary of Finance upon recommendation of the Accreditation Committee, VRS operators may only impose a service fee equivalent to a percentage of the amount of VAT refunded to each non-resident tourist.

SECTION 20. PERFORMANCE REVIEW

The Secretary of Finance, through the Accreditation Committee, shall conduct an annual performance review of the VRS operators to determine their compliance with the requirements of R.A. No. 12079, its IRR, and this Order. Should there be findings of poor performance, gross negligence, or willful misconduct on the part of the VRS operator in the discharge of its obligations, the Secretary of Finance, upon the recommendation of the Accreditation Committee, may suspend, revoke, and/or terminate its accreditation, if deemed necessary.

SECTION 21. ACCESS TO INFORMATION

The Accreditation Committee shall have access to information, documents, correspondence, and materials necessary for its oversight functions. Information of a proprietary nature obtained by a VRS operator in the course of activities under these rules shall be provided to the Accreditation Committee.

The VRS operator shall likewise ensure that the BIR is granted access to all data,

records, and systems necessary for the verification, validation, and processing of VAT refund claims. This shall include, but not be limited to:

- a. Transaction-level data from duly accredited stores;
- b. Tourist refund claims and supporting documentation;
- c. Reports on approved, pending, and denied refunds; and
- d. Any other information as may be required by the BIR for the purpose of reimbursement or audit.

SECTION 22. SUBMISSION OF MONTHLY REPORT

The VRS operator/s shall submit, through the Accreditation Committee, such reports as may be prescribed by the Secretary of Finance.

PART IV FINAL PROVISIONS

SECTION 23. SEPARABILITY

If any provision or part of this DO is found to be invalid, illegal, or unenforceable, the remainder of the rules shall remain valid, legal, and subsisting.

SECTION 24. REPEALING CLAUSE

All other orders, issuances, rules and regulations which are inconsistent with R.A. No. 12079, the IRR, and this DO are hereby repealed and modified.

SECTION 25. EFFECTIVITY

This DO shall take effect fifteen (15) days from its complete publication in the Official Gazette or a newspaper of general circulation, and the submission of a copy hereof to the Office of the National Administrative Register of the University of the Philippines.

Issued this ____ day of _____ 2025.


RALPH G. RECTO
Secretary of Finance
SEP 25 2025

