
Section 4.110-7 of the said RR was amended to read as follows:

“SEC. 4.110-7. VAT Payable (Excess Output) or Excess Input Tax.

XXX xxx xxx.

(b) If the input tax inclusive of input tax carried over from the previous quarter exceeds the output tax, the excess input tax shall be carried over to the succeeding quarter or quarters; Provided, however, that any input tax attributable to zero-rated sales by a VAT-registered person may at his option be refunded or applied for a tax credit certificate which may be used in the payment of internal revenue taxes, subject to the limitations as may be provided for by law, as well as, other implementing rules.”

These Regulations shall take effect immediately and shall apply to the quarterly VAT returns to be filed after the effectivity of Republic Act No. 9361 except VAT returns covering taxable quarters ending earlier than December, 2006.