



19 February 2019

**CUSTOMS MEMORANDUM ORDER**

NO. 11- 2019

**Subject: Revised Procedure for the Verification of Outstanding Balances of VAT Tax Credit Certificates (TCCs) for the Issuance and Processing of Notice of Payment Schedule (NPS)**

Pursuant Section 900 of Customs Modernization Act (CMTA) of 2016, in relation to (CMO) No. 8-2012, which took effect on 29 August 2012, implementing Executive Order No. 68 s. 2012, and Joint Circular No. 3-2012 dated May 31, 2012, the following are the revised guidelines and procedure for the Verification of Outstanding Balances of VAT Tax Credit Certificates (TCCs) for the Issuance and Processing of Notice of Payment Schedule (NPS).

**Section 1. Scope.**

This order covers all VAT TCCs issued by the Bureau of Customs (BOC) pursuant to Sec. 112 of the National Internal Revenue Code (NIRC) and VAT portions of TCCs issued jointly by the Bureau of Customs (BOC) and the Department of Finance, and Section 900 of Customs Modernization Act (CMTA) of 2016.

**Section 2. Operational Provisions.**

The following procedures shall be followed for the issuance of the corresponding NPS to TCC holders/whether as original grantees or as transferees:

- a. The TCC holder shall surrender the original TCC together with a letter request for application for VAT monetization of the outstanding balance of the TCC, and for the issuance of the corresponding NPS. The request/application shall be accompanied by an affidavit to be executed by the authorized representative of the applicant following the attached format (Annex A") attesting that the TCC is authentic and that the amount thereof represents the remaining balance as of the date of the request together with clearance from the Collection Service of the Bureau attesting that applicant has no outstanding liability with the BOC. All the documents shall be submitted to the Tax Credit Committee (attn.: Tax Credit Secretariat) or equivalent office.

- b. Upon acceptance of the complete documents needed to support the application, the Tax Credit Committee/Secretariat will indorse the complete documents to the Financial Management Office (FMO) for verification/authenticity check of the TCC subject of the request for monetization.
- c. The FMO shall verify the TCC, including its outstanding balance, if any, and will issue a certification attesting to the authenticity of the TCC and the remaining balance in the case of its partial utilization. After the issuance of the certification by the FMO, the documents shall be returned to the Tax Credit Secretariat.
- d. The Tax Credit Secretariat shall prepare a resolution for signature of the Tax Credit Committee members approving the request for monetization and shall submit the same to the Commissioner for approval. Thereafter, the TCC resolution duly approved by the Commissioner shall be indorsed to the FMO for preparation of the corresponding NPS equivalent to the amount or remaining balance of the VAT TCC.

### **Section 3. Options of the Holder/Transferee.**

The following options are available to the holder upon acquisition of the corresponding NPS.

- a. Hold NPS up to maturity date. The holder/transferee may opt not to monetize the same immediately subject to the condition that its conversion will only be allowed if it is surrendered to the BOC at least two (2) months before its maturity date.
- b. Monetize the NPS through Government Financial Institutions (GFIs). The holder may monetize the NPS through the authorized GFIs at a discounted price to be prescribed by the latter. The GFIs shall submit regular reports to the BOC on the NPS monetized by them. The GFIs shall be deemed the holder/transferee of the NPS monetized for purposes of claiming the corresponding payment thereof.

### **Section 4. Manner of Payment.**

The Following procedure shall be followed for the processing of the payment of the NPS upon its maturity date, viz:

- a. The Chief Account, FMO shall prepare a request for issuance of SARO or NCA to the Department of Budget Management, through the Department of Finance, in accordance with the Master List of NPS issued, indicating the name of the taxpayer, the refundable amount, the maturity date of the TCC, and such other necessary information.
- b. Upon receipt of the request, the DBM will determine the funding for the request of the BOC, and shall issue the corresponding SARO or NCA.

- c. Upon receipt of the SARO and NCA from the DBM, the Accounting Division, FMO shall prepare the Disbursement Voucher for the matured NPS and forward the same to the BOC authorized Cashier.
- d. The Cashier will prepare a check corresponding to the Disbursement Voucher prepared by the FMO and release the check.

**Section 5. Effectivity.**

This Order shall take effect immediately.



**REY LEONARDO B. GUERRERO**

Commissioner

FEB 20 2013