



BUREAU OF CUSTOMS

Professionalism Integrity Accountability



OCOM Memo No. 187-2020

MEMORANDUM

FOR : ALL GROUPS
ALL COLLECTION DISTRICTS
ALL OTHERS CONCERNED

FROM : REY LEONARDO B. GUERRERO
Commissioner **OCT 01 2020**

SUBJECT : SUBMISSION OF REQUIRED SUPPORTING
DOCUMENTS FOR ALL DONATIONS

DATE : September 29, 2020

In compliance with the provisions under Sec 5 of the General Provisions of the GAA of FY 2020 and Sec 4.4 of the Department of Finance (DOF) and Department of Budget and Management (DBM) Joint Circular No. 1 dated April 30, 2014, you are directed to submit the following documents as support for the entry of Local Donations in the Regular Agency Books:

- Deed of Donation and Acceptance
- Property Acknowledgement Receipt (PAR)

Additional documents required for Foreign Donations:

- Approval by the President or his authorized representative
- Quarterly Report of Taxes and Duties Availments (QRTDA)
- Special Allotment Release Orders (SARO) and Obligation Request and Status (ORS) to cover the settlement of customs duties and taxes.

For strict compliance.

Sec. 2. FY 2020 Budget with UACS. All items of appropriations in this Act shall be given account codes by the DDM pursuant to the Unified Accounts Code Structure. This account code shall be used in the release of the appropriations in this Act for a unified accounting, auditing, and reporting of all the financial transactions of the government.

Sec. 3. The GAA as the Allotment Order. The GAA, upon its effectivity, shall be considered the allotment authorizing agencies to obligate in accordance with its provisions, except for the following:

- (a) Appropriations that by virtue of law, general or special provisions, and rules and regulations have conditions or requirements before release;
- (b) Lump-sum appropriations in the agency budget and special purpose funds that have no details necessary for release; and
- (c) Those requiring a Special Budget under the General and Special Provisions in this Act.

In the case of automatic appropriations, the allotment shall be issued by the DDM upon compliance with the conditions provided by law.

The DDM shall identify the items of appropriations in the GAA which are not covered by the GAA as the allotment order and submit a copy thereof to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance.

RECEIPTS AND INCOME

Sec. 4. Receipts or Revenues Collected by Agencies. As a general rule, all fees, charges, assessments, and other receipts or revenues collected by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy in the exercise of their mandated functions, at such rates as are now or may be approved by the appropriate approving authority shall be deposited to the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292, s. 1987 and Section 65 of P.D. No. 1445.

Exceptions to the foregoing are:

- (a) Receipts authorized by law to be recorded as a Special Account in the General Fund, Trust Fund, or a fund other than the General Fund which shall be established in accordance with rules and regulations as may be issued by the Permanent Committee (the "Permanent Committee") created under Section 45, Chapter 5, Book VI of E.O. No. 292. The said special funds may be made available for expenditure, subject to any special provision of the agencies concerned; and
- (b) Other instances authorized by law.

Disbursements or expenditures by agencies from use or retention of income absent the above legal authority or from income deposited outside of the National Treasury without legal basis shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing laws.

All agencies shall ensure that fees, charges, and assessments collected cover the costs of services delivered to the public. They may be allowed to raise their fees and charges in accordance with A.O. No. 31, s. 2012, DOF-DBM-NEDA J.C. No. 1-2013 dated January 30, 2013 and such other guidelines issued by the agencies concerned. The schedule of fees, charges, and assessments collectible by any government agency, as well as any updates thereon, shall be posted on their respective websites and in big bold characters in a conspicuous place within the agency, including its regional, provincial, field or extension offices.

Sec. 5. Donations. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may accept donations, contributions, grants, bequests or gifts, in cash or in kind, from various sources, domestic or foreign, for purposes relevant to their functions. National government agencies may accept donations in cash or in kind, from domestic or foreign sources, for purposes relevant to their functions. In the case of grants, in cash or in kind, from governments of foreign countries, their agencies and instrumentalities or multilateral institutions or organizations, acceptance thereof shall be subject to the prior clearance and approval by the President or his authorized representative based on the recommendation of the Secretary of Finance. On the other hand, other donations, in cash or in kind, from foreign governments shall require prior clearance and approval by the President or his authorized representative based on the recommendation of the Secretary of Foreign Affairs.

Receipts from donations, whether in cash or in kind, shall be accounted for in the books of the donee-government agency in accordance with accounting and auditing rules and regulations. The receipts from cash donations and proceeds from sale of donated commodities shall be deposited with the National Treasury and recorded as a Special Account in the General Fund and shall be available to the implementing agency concerned through a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292. The cash value of the donations shall be deemed automatically appropriated for the purpose specified by the donor. Donations with a term not exceeding one (1) year shall be treated as trust receipts in accordance with Section 6 hereof.

Disbursements or expenditures by agencies in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

The donee-agency concerned shall submit its quarterly reports of all donations received, whether in cash or in kind, and expenditures or disbursements thereon, within thirty (30) days after the end of every quarter, through the following:

- a) Unified Reporting System (URS) or other electronic means for reports not covered by the URS; and
- b) Agency's website.

The donee-agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

Sec. 6. Trust Receipts. The following shall be deposited with the National Treasury and recorded as trust receipts in accordance with E.O. No. 338, s. 1996, as implemented by COA-DBM-DOF J.C. No. 1-97 dated January 2, 1997, and such other guidelines issued thereon:

- (a) Receipts collected or received by departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs: (i) from non-tax sources, such as insurance proceeds, acting as trustee, agent or administrator; (ii) as a guaranty for the fulfillment of an obligation; or (iii) from donations authorized by law or contract with a term not exceeding one (1) year; and
- (b) Those classified by law or regulations as trust receipts.

Trust receipts shall be disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations.

Disbursements or expenditures by agencies in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

The agency concerned shall submit its quarterly reports of all trust receipts collected or received, within thirty (30) days after the end of every quarter, through the following:

- a) URS or other electronic means for reports not covered by the URS; and
- b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

Sec. 7. Performance Bonds and Deposits. Performance bonds and deposits filed or posted by private persons or entities with departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall be deposited with the National Treasury and recorded as trust receipts in accordance with E.O. No. 338, as implemented by COA-DBM-DOF J.C. No. 1-97, and such other guidelines issued thereon.

Upon faithful performance of the undertaking or termination of the obligation for which the bond or deposit was required, any amount due shall be returned by the agency concerned to the filing party, withdrawable in accordance with accounting and auditing rules and regulations.

4. GENERAL GUIDELINES

- 4.1 All NGAs shall be liable for all forms of national internal revenue taxes and customs duties arising out of transactions subject to assessment by the BIR and/or BOC, pursuant to the provisions of Department of Budget and Management - Department of Finance Joint Circular No. 7-2012.
- 4.2 NGAs, including GOCCs that are entitled to tax expenditure subsidy, shall not be required to pay in cash or in kind their obligations for internal revenue taxes and customs duties covered by this Circular. All other National Government Agencies, including GOCCs that are not entitled to tax expenditure subsidy shall pay the amount due in cash to the RCA chargeable against their own funds. The imported goods subject to tax shall not be released unless the taxes and customs duties due thereon have been paid.
- 4.3 The BIR and the BOC shall include in their monthly reports of actual income, the internal revenue taxes and customs duties paid out of tax subsidy based on the Special Allotment Release Orders (SARO) issued by the DBM, pursuant to the pertinent provisions of the annual GAA. The Cash Operations Report (COR) of the BTr shall henceforth reflect the taxes and duties paid out of the SARO of the DBM under revenues with an equivalent amount recorded under disbursements.
- 4.4 All importations done through grants or donations shall be supported by a Deed of Donation from the donor entity to be coursed through and authenticated by the Philippine Embassy/Consulate at the donor's country, and a Deed of Acceptance from the recipient agency.
- 4.5 The deadline of submission of agency requests for tax subsidies shall be in accordance with the deadline set in the fund release system guidelines for a calendar year.

5. SPECIFIC PROCEDURAL GUIDELINES

- 5.1 Application for, Approval, and Processing of Tax Expenditure Subsidy for National Government Agencies
 - 5.1.1 For importations of NGAs arising from foreign donations, grants and loans
 - 5.1.1.1 At least ten (10) working days prior to the arrival of the non-commercially imported goods, the importing agency (IA) shall submit to the BOC – Collection Service the original copy of the Certification of Official Importation (**Form 1**). This shall be supported by the authenticated copy of the Bill of Lading (B/L) or Airway Bill (AWB), Parcel Notice, Other Shipping Documents; Packing List, Commercial Invoice, Inventory List; Memorandum of Undertaking; Statement of Account; Notarized

Deed of Donation and Acceptance (in case of donations); Memorandum of Agreement (in case of loans or grants); Indorsement from the DOF, if applicable; Clearance from the Presidential Management Staff (PMS) under the Office of the President (OP) pursuant to PMO 36 [in case of donations to the Department of Social Welfare and Development (DSWD)]; Certification of the Department of Trade and Industry (DTI) that the imported articles are not locally available; Clearance from other Government Agencies that may be applicable; and other documentations that may be required by the BOC establishing the authority for and the authenticity of the importation.

5.1.1.2 Upon arrival of shipment, the IA shall secure an Authority to Release Imported Goods (ATRIG) for VAT and excise tax purposes from the BIR, if applicable, and upon completion of other documentary requirements by the IA [e.g., Commercial Invoice; Consular Invoice; Bill of Lading or Airway Bill; Packing List; Import Entry & Internal Revenue Declaration; Copies of Certificates for Registration in the appropriate RDO, if the importer/broker is applying for ATRIG for the first time; Duly notarized Certificate of Undertaking (for automobiles, feed ingredients, petroleum additives, etc.); and other documents that may be required to substantiate the application for ATRIG, (e.g. Certification from Bureau of Animal Industry, Fertilizer and Pesticides Authority, Food and Drug Authority, etc.)], the BOC – Collection Service shall cause the release of the imported goods.

5.1.1.3 The RCA shall issue the Statement of Account/Assessment Notice to the IA, upon release of the goods in four (4) copies to be distributed as follows:

- Original and Quadruplicate - IA
- Duplicate - RCA (Collection Service)
- Triplicate - RCA, file copy with entry

5.1.1.4 Within ten (10) working days after the end of each quarter, the IA shall prepare a Quarterly Report of Taxes and Duties Availments (QRTDA) (Form 2), based on the Statements of Accounts/Assessment Notices issued by RCAs, in three (3) copies to be distributed as follows:

- Original and Triplicate - DBM Budget Operations Bureau
- Duplicate - RCA

5.1.1.5 Upon completion of the QRTDA, the IA shall submit to the DBM within fifteen (15) days the request for the issuance of SARO supported by the original and triplicate copies of the QRTDA and the compilation of original copies of TSAC/

Statement of Accounts (SOA)/Assessment Notices issued by the BOC/BIR (Forms 3-4).

5.1.1.6 The SARO which the DBM will issue shall serve as the basis for recording both the obligation and liquidation of the tax expenditure. The amount of the SARO shall correspond to the verified amount indicated in the QRTDA. The DBM shall accomplish the appropriate portion of the QRTDA indicating the SARO number and date thereof. The IA, upon receipt of the SARO, shall forward a copy of the same to the BOC or BIR.

5.1.1.7 The IA, based on the DBM SARO, shall prepare the Journal Voucher (JV) to liquidate the obligation within ten (10) working days, copy furnished the BTr-National Cash Accounting Division (NCAD).

5.1.1.8 Within ten (10) working days upon receipt of a copy of the agency JV, the BTr-NCAD shall issue a JV debiting the account of the IA and crediting the account of the RCA.

5.1.1.9 Upon receipt of the NCAD JV, the RCA Chief Accountant shall record the income in the RCA's books.

5.1.2 For certain importations by the DND, PNP and the BFP

5.1.2.1 In case of importations of military hardwares, softwares, munitions, arms and equipment by the DND and PNP, and in case of importations of fire fighting equipment, rescue equipment and personal protective gears by the BFP, the procedures set forth in Section 5.1.1 of this Circular shall apply.

5.1.3 For issuance of foreign and domestic securities by the BTr

5.1.3.1 On the liability of the BTr for documentary stamp taxes on foreign and domestic securities issued by it, the following procedures shall be observed, subject to the submission by the BTr of pertinent documents relative thereto as may be required:

5.1.3.1.1 At the end of every month, the BTr shall submit to the DBM its request for the issuance of SARO pertaining to its documentary stamp taxes on foreign and domestic securities issued by it and supported by the monthly summary of government securities issued.

5.1.3.1.2 The SARO which the DBM will issue shall serve as the basis for recording both the obligation and liquidation of the expenditure. The amount of the SARO shall correspond to the verified amount of documentary stamp taxes indicated in the government securities issuance

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MEMORANDUM

FOR : **GLADYS C. CABUGAWAN**
Chief, Central Records Management Division

FROM : *fnan as*
MARILOU A. CABIGON
Officer-in-Charge, F M O
Concurrent Acting Chief Accountant

SUBJECT : **SUBMISSION OF REQUIRED SUPPORTING DOCUMENTS
FOR ALL DONATION**

DATE : **OCTOBER 2, 2020**

Respectfully transmitting herewith the signed Memorandum of Commissioner Rey Leonardo B Guerrero dated September 29, 2020 re: Submission of Required Supporting Documents for all donation for dissemination to all Groups, all Collection Districts and to all Others concerned.

Thank you.