REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

March 17, 2014

REVENUE MEMORANDUM CIRCULAR NO. 23-2014

SUBJECT: Publishing the Full Text of Circular Letter No. 2013-16A dated February 6, 2014 by the Secretary of the Department of Budget and Management, Entitled "Clarification of Circular Letter (CL) No. 2013-16 Re: Expanded Modified Direct Payment Scheme (Expanded MDPS) for Accounts Payable (A/Ps)"

TO : All Internal Revenue Officials, Employees and Others Concerned

---

For the information and guidance of all concerned, quoted hereunder is the full text of Circular Letter No. 2013-16A dated February 6, 2014 by the Secretary of the Department of Budget and Management:

"**REPUBLIC OF THE PHILIPPINES**
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

CIRCULAR LETTER

No. 2013-16A
February 6, 2014

TO : All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers and Heads of Accounting Units, COA Auditors, Heads of MDS Government Servicing Banks (MDS-GSBs), and All Others Concerned

SUBJECT : Clarification of Circular Letter (CL) No. 2013-16 Re: Expanded Modified Direct Payment Scheme (Expanded MDPS) for Accounts Payable (A/Ps)

1.0 DBM Circular Letter No. 2013-6 was issued on December 23, 2013 in order to adopt uniform procedures in the payment of A/Ps, i.e., Expanded MDPS for the settlement of current year and prior years' A/Ps due **all** creditors/payees (both internal and external) of **all** National Government Agencies (NGAs) effective January 1, 2014.

2.0 This circular is issued to:

2.1 Clarify/amend item no. 7.3.5 of CL No. 2013-16 which provides the following:

> *"MDS-GSB shall provide BTr Head Office (Asset Management Service), or its nearest Regional/ District/Provincial Office, a copy of the received LDDAP-ADA from the agency on the same day of receipt of said document, to provide advance information on the cash requirements of agencies."*

2.2 Defer implementation of the Expanded MDPS to March 1, 2014.

3.0 For the purpose of providing BTr advance information on the cash requirements of agencies pertaining to A/Ps, the following procedures shall be observed:

3.1 NGAs and their operating units (OUs) shall:

3.1.1 Prepare in four copies, a **Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (SLIIE)** (see format per Annex A of this CL) for all LDDAP-ADAs issued, certified correct by the Head of the Accounting Unit and approved by the Head of Agency or Authorized Official: and,

3.1.2 Forward to its MDS-GSB, the original SLIIE together with the LDDAP-ADAs issued as well as second copy of the SLIIE for the BTr. The remaining copies shall be distributed as follows:

- Third copy – Chief Accountant (as agency file); and
- Fourth copy – COA Auditor

3.2 MDS-GSB shall provide the BTr Head Office (Asset Management Service) or its nearest Regional/District/Provincial Office, the second copy of SLIIEs forwarded by the agency, on the same day of receipt of said document from the agency. This which shall serve as an advisory to BTr on the magnitude of expected disbursements through LDDAP-ADA and replenishment of the MDS Seed Fund.

4.0 Furthermore, the full implementation of the Expanded MDPS is hereby deferred to **March 1, 2014**, to provide sufficient lead time for the following:

4.1 NGAs to:

4.1.1 Be accustomed with the shift to the checkless payment mode for A/Ps, i.e., from issuance of MDS checks to the use of ADA which is integrated in the LDDAP.

4.1.2 Require all creditors/payees to submit their respective bank account numbers/bank branches to which the amounts for release shall be credited. In case of creditors/payees with no existing bank accounts yet with

the MDS-GSBs, the NGAs shall facilitate the opening of bank account by issuing to the creditors concerned the Letter of Introduction (LOI) addressed to their respective MDS-GSB.

4.2 MDS-GSBs to adjust their respective IT systems incorporating the Unified Account Codes Structure (UACS); and

4.3 DBM to conduct briefings and orientations on the Expanded MDPS for the stakeholders.

5.0 However, departments/agencies specially the pilot departments/agencies (i.e., Department of Education, Department of Health, State Universities and Colleges, Technical Education and Skills Development Authority and Commission on Higher Education) which are already adopting the modified direct payment scheme through ADA, are not precluded from immediately implementing the Expanded MDPS.

6.0 For guidance of all concerned.

(Sgd) **FLORENCIO B. ABAD**
Secretary"

All concerned are hereby enjoined to be guided accordingly and give this Circular a wide publicity as possible.

(Original Signed)
KIM S. JACINTO - HENARES
Commissioner of Internal Revenue

O-5