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

March 17, 2014

REVENUE MEMORANDUM CIRCULAR NO. 24-2014

SUBJECT: **Publishing the Full Text of Circular Letter No. 2013-16 B Dated February 25, 2014 by the Secretary of the Department of Budget and Management, Entitled "Addendum to DBM Circular Letter No. 2013-16 Re: Expanded Modified Direct Payment Scheme (Expanded MDPS) for Accounts Payable (A/Ps) of National Government Agencies/Operating Units (NGAs/OUs)**

TO : All Internal Revenue Officials, Employees and Others Concerned

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For the information and guidance of all concerned, quoted hereunder is the full text of Circular Letter No. 2013-16 B dated February 25, 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. 2013-16 B
February 25, 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: **Addendum to DBM Circular Letter No. 2013-16 Re: Expanded Modified Direct Payment Scheme (Expanded MDPS) for Accounts Payable (A/Ps) of National Government Agencies/Operating Units (NGAs/OUs)**

1.0 This Circular is being issued to:

1.1 Provide additional guidelines for the following:

1.1.1 Remittance of social insurance premium contributions to government corporations, such as Government Service Insurance System (GSIS), PHILHEALTH, and Home Development Mutual Fund (HDMF) – per Item No. 5.4.1.3 of CL 2013-16; and

1.1.2 Payment of A/Ps to utility companies, such as: supplier of petroleum, oil and lubricants, water, illumination and power services, telephone, internet and other communication services, among others – per Item No. 5.4.1.5 of CL No. 2013-16.

1.2 Clarify the procedure for payment of A/Ps to creditors of NGAs/OUs with small transactions (e.g., claims lower than the required amount for opening or maintaining an account with the bank) and/or creditors which can not be conveniently paid through Advice to Debit Account (ADA), as determined by the Agency Head.

2.0 In order to give sufficient time for the concerned government corporations and utility companies cited under item numbers 1.1.1 and 1.1.2 of this Circular and the government servicing banks (GSBs) of the MDS (i.e., Land Bank of the Philippines, Development Bank of the Philippines and Philippine Veterans Bank), in completing the necessary fine-tuning of their respective IT systems for the purpose of implementing the Expanded MDPS, **all** NGAs/OUs are directed to continue to issue **MDS checks** to cover payment of A/Ps to subject creditors.

3.0 Upon advice from the MDS-GSBs, DBM will issue another Circular, on when NGAs/OUs shall use the Advice to Debit Account (ADA) per List of Due and Demandable A/Ps, for payment of A/Ps to said corporations/utility companies.

4.0 In the case of creditors falling under the category cited under item no. 1.2 of this Circular, which cannot be conveniently nor practicably paid using the ADA, the payment of their claims may be made via the Petty Cash Fund (PCF)/Cash Advance of the agency.

4.1 Agencies shall use the pertinent form, i.e., List of Advances/Deposits – Advice to Debit Account (LAD-ADA) prescribed by DBM in a separate issuance, for the purpose of issuing cash advances to their designated disbursing officers.

4.2 Payment to creditors concerned to be charged against the PCF/Cash Advancee may be in form of cash, subject to the rules and regulations on the utilization and liquidation of cash advance prescribed under COA guidelines.

4.3 In the liquidation of cash advances (an internal agency transaction), the designated disbursing officer concerned shall include the List of Creditors paid as one of the supporting documents, in addition to those required by COA.

5.0 In the event of NCAs issued near the end of the quarter, NGAs/OUs are advised to ensure that issued LDDAP-ADA and/or LAD-ADA are transmitted to the MDS-GSB not later than two (2) working days before the end of said quarter involved. This would ensure crediting of the creditors' accounts before the quarterly lapsing of the NCA.

6.0 For guidance of all concerned.

(original signed)
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

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