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

July 31, 2012

REVENUE MEMORANDUM CIRCULAR NO. 44-2012

Subject : Publishing the Full Text of Joint Circular No. 2-2012 dated May 31, 2012 of the Department of Finance (DOF), Department of Budget and Management (DBM) and Bureau of Internal Revenue (BIR) Entitled Providing for the Establishment of the Value-Added Tax (VAT) Tax Credit Certificate (TCC) Monetization Program ("Program") in Relation to the Special Provisions of Republic Act No. 10155 or the General Appropriations Act of 2012

To : All Revenue Officials, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Joint Circular No. 2-2012 dated May 31, 2012:

"JOINT CIRCULAR NO. 2-2012
May 31, 2012

Pursuant to Executive Order No. 68, Series of 2012, providing for the establishment of the Value-Added Tax (VAT) Tax Credit Certificate (TCC) Monetization Program ("Program") in relation to the special provisions of Republic Act No. 10155 or the General Appropriations Act of 2012, the following implementing guidelines are hereby prescribed:

Section 1. *Coverage.* These guidelines shall cover the following:

A. TCCs

1. Issued solely by the Bureau of Internal Revenue (BIR) pursuant to the provisions of Section 112 of the National Internal Revenue Code of 1997 (NIRC), as amended; and
2. Issued jointly by the BIR and the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (OSS Center) pursuant to the provisions of Section 112 of the NIRC, as amended.

Only valid and unexpired TCCs shall be eligible for enrollment in this Program.

B. TCC HOLDERS

Holders of the above-enumerated TCCs, whether as original grantees or transferees, may apply for monetization, notwithstanding Section 4 (iii) of Revenue Regulations No. 5-2000 and other administrative issuances, which prohibit cash conversion of transferred TCCs.

Section 2. *Responsibilities.*

A. Department of Finance (DOF). The DOF shall:

1. Direct the BIR to verify the outstanding VAT TCCs, subject to existing laws, rules and regulations;
2. Provide the confirmation letter of the National Government to acknowledge that the outstanding VAT TCCs constitute an obligation of the Republic of the Philippines;
3. Favorably endorse to the National Government Agency concerned or to the Bangko Sentral ng Pilipinas, as the case may be, the application to secure the necessary financial features required in the issuance of investment certificates to improve the net proceeds of the beneficiaries;
4. Make arrangements with trustee bank on the requirements for the opening of a special account; and
5. Make available the facilities of the Bureau of Treasury including, but not limited to, the Registry of Scripless Securities, the Automated Debt Auction Processing System, and such other facilities as may be required for the auctioning process in the implementation of the Program.

B. Department of Budget and Management (DBM).

Ensure that the funding requirements for the monetization Program of outstanding VAT TCCs is included in the National Expenditure Program (NEP) from 2012 to 2016 based on the requests of the BIR and the Bureau of Customs (BOC) through:

1. Budget Preparation

i. For 2013, the funding requirements for the monetization of outstanding TCCs originally issued in 2004, 2005, 2006, 2007, and 2008 based on the certification of the DOF shall be included in the

NEP to cover the necessary appropriations for the Program; and

ii. Starting 2014 to 2016, the annual funding requirements, which the DBM will include in the NEP for the said years, shall be based on the total value of outstanding TCCs that have been issued from 2009 to April 11, 2012 and that are covered by Notices of Payment Schedule (NPSs) issued to enrollees of the Program.

2. Budget Execution

i. For 2012, the release of the Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) for the Program shall be subject to the special budget request of the BIR, as endorsed by the DOF based on the master list of NPS issued indicating the name of the taxpayer, refundable amount, maturity date of the TCC, and such other necessary information; and

ii. For succeeding years (2013-2016), the release of SAROs and NCAs for the Program shall also be subject to the special budget requests of the BIR, as endorsed by the DOF based on the master list of NPS.

C. Bureau of Internal Revenue (BIR).

The BIR shall submit its yearly budget accountability report as required under existing guidelines including a report on the redemptions made on NPS issued pursuant to the Program vis-à-vis the master list of NPS submitted for budget preparation/execution purposes.

Section 3. ***When and Where to File Application for Enrollment in the Program***. Applications for enrollment must be received by the following TCC-issuing offices within three (3) months from the effectivity of this Circular:

Type of TCC	TCC-Issuing Office
A. VAT TCCs solely issued by the Bureau of Internal Revenue	BIR
B. VAT TCCs jointly issued by the DOF-OSS Center and the BIR	DOF-OSS Center

Section 4. ***TCC Verification.***

A. All TCC holders who intend to enroll in the Program shall surrender the original copies of their TCCs to the concerned TCC-issuing office enumerated in Section 3 above within three (3) months from the effectivity of this Joint Circular.

B. Any covered TCC submitted for verification for the purpose of monetization shall no longer be allowed to be used as payment for the TCC holder's tax liabilities.

C. For TCCs expiring in 2012, an application for verification pursuant to this Joint Circular shall likewise be considered an application for revalidation pursuant to Section 230(B) of the NIRC, as implemented by Revenue Regulations No. 5-2000.

D. TCCs jointly issued by the DOF-OSS Center and the BIR shall be subject to pre-validation by the former on the authenticity, accuracy and validity thereof, in accordance with its established procedures.

The mechanics for the verification of TCCs shall be covered by a separate Revenue Memorandum Order to be issued by the BIR.

Section 5. ***Issuance of the Notice of Payment Schedule (NPS).*** The BIR shall issue to the TCC owner of the verified TCC an NPS confirming the details of his/her entitlement to monetization, the refundable amount, the date of monetization and such other necessary information. Only the duly issued NPS for monetization of covered TCCs shall be accepted by the BIR or the GFI, as the case may be.

Section 6. ***Schedule and Manner of Giving Refund.***

A. Holders of NPS may opt to:

1. Sell the outstanding amounts at a discount to government financial institutions (GFIs) for monetization in accordance with rates to be determined by the Secretary of Finance and the GFIs, or
2. Hold the NPS until its maturity date and be paid by the BIR the full cash value of the TCC in accordance with the following schedule:

TCCs originally issued in 2003 or earlier	2012
TCCs originally issued in 2008 and prior years	2013

TCCs originally issued in 2009	2014
TCCs originally issued in 2010	2015
TCCs originally issued in 2011 and 2012	2016

B. For TCCs scheduled for monetization in 2012, the refund shall be made upon checks drawn by the Commissioner of Internal Revenue or by his duly authorized representative.

C. For TCCs scheduled for monetization from 2013 to 2016, the BIR shall issue an NPS confirming the details of a taxpayer's entitlement to monetization, the refundable amount net of outstanding tax liabilities (except for withholding tax), and maturity date.

D. Checks which remain unclaimed or uncashed within five (5) years from the date of the issuance of said checks shall be forfeited in favor of the government and the amounts thereof shall revert to the general fund; Provided, that in no case, the life of the refund check to be issued under this Program goes beyond the statutory life of five (5) or ten (10) years, if the TCC is revalidated, counted from the date of the original issuance of the covering TCC.

For purposes of the Program, the maturity date corresponds to the expiry date of the VAT TCC, unless revalidated pursuant to Section 230(B) of the NIRC, as amended.

Section 7. *Payment by BIR to NPS Holder.*The NPS must be presented for payment by BIR within thirty (30) calendar days before the maturity date. To this end, the NPS shall contain the following statement: "*This NPS must be presented for payment within thirty (30) calendar days before the date of maturity; otherwise, the NPS shall be cancelled and the same shall be forfeited in favor of the government.*"

If the last day for the presentation of the NPS falls on a Saturday, Sunday, holiday (regular or special) or a declared non-working day due to force majeure, the NPS shall be presented on the next succeeding business day.

Section *8.* *Monetization by GFIs.* Where a taxpayer opts to monetize before the maturity date, he shall surrender the NPS to the GFIs. The GFIs shall give the equivalent of the refundable amount less the applicable discount. The GFIs shall provide the BIR a list of actual availments under the Program.

Section 9. ***Rights of TCC Holder Who Fails to Enroll in the Program.*** Any holder of a covered TCC who fails or does not intend to enroll in the Program shall retain the right to:

A. Credit his TCCs against tax liabilities in accordance with existing rules on TCC utilization; or
B. Apply, subject to conditions of law and pertinent rules and regulations, for TCC revalidation under Section 230(B) of the NIRC and/or tax refund (cash conversion) under Section 204(C) of the same Code.

Section 10. ***Transitory Provision.*** For the smooth implementation of the Program, all requests for cash conversion of VAT TCCs that are already in the possession of the BIR as of the effectivity of Executive Order No. 68 may still be processed pursuant to the provision of Section 5(b) of Revenue Regulations No. 5-2000 regardless of the issuance dates of the covering TCCs, subject to the availability of funds.

Section 11. ***Separability.*** In case any provision of this Joint Circular is declared unconstitutional or contrary to law, other provisions which are not affected thereby shall continue to be in force and in effect.

Section 12. ***Effectivity.*** This Joint Circular shall take effect fifteen (15) days from its publication in the Official Gazette and in at least two newspapers of general circulation.

(Signed)
CESAR V. PURISIMA
Secretary
Department of Finance

(Signed)
FLORENCIO B. ABAD
Secretary
Department of Budget and Management

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

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