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

April 20, 2015

**REVENUE MEMORANDUM ORDER NO 12-2015**

**SUBJECT** : Updated Procedures in the Implementation of the Memorandum of Agreement Between the Department of Public Works and Highways and the Department of Finance

**TO** : All Internal Revenue Officers and Others Concerned

---

## I. Objectives

This Order is issued:

1. To update the procedures in the implementation of the Memorandum of Agreement between the Department of Public Works and Highways (DPWH) and the Department of Finance ( DOF) dated July 13, 1992;

2. To decentralize the processing of Application for Contractor's Final Payment Release Certificate (BIR Form No. 0217 formerly Form No. 2555 Annex "A"hereof) across all BIR offices having jurisdiction over the contractor's principal place of business; and

3. To properly monitor the withholding and remittance of internal revenue taxes from contractors.

## II. Procedures

### A. Large Taxpayers Audit Division/Large Taxpayers District Office (LT Office) or Revenue District Office (RDO) shall:

1. Receive three (3) copies of Application for Contractor's Final Payment Release Certificate from contractors whose principal place of business falls within the jurisdiction of the concerned LT Office/RDO.

   The application should be filed thirty (30) days before the claim for final payment of each contract. In filing, attach the following documents that would support total previous and final payment from DPWH:

| | |
|---|---|
| A. | Application Form in three (3) copies; |
| B. | Contractor's Summary of Sales to Government; |
| C. | Contractor's Summary of Value-Added Tax (VAT) withheld on Sales to Government (Item 26D of BIR Form No. 2550Q; |
| D. | DPWH's Summary of Remittance (E-MAP); |
| E. | DPWH's draft of final Disbursement Voucher; |
| F. | Certified true copy of the following: |
| - | - DPWH Vouchers; |
| - | - BIR Form Nos. 2550M/2550Q filed with the BIR by the Contractor; |
| - | - DPWH's Executive Summary; |
| - | - DPWH's Original or Revised Contract; |
| - | - DPWH's Certificate of Completion; |
| - | - DPWH's Certificate of Final Inspection; and |
| - | - Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) and Certificate of Final Taxes Withheld at Source (BIR Form No. 2306) given by DPWH to the contractor |
| G | Details of Project Cost Estimates, if any; |
| H | Notarized Sworn Declaration of the Contractor and Certification from DPWH that no payment yet has been made to the Contractor, in case of first and final payment by the DPWH of the entire contract price; and |
| I | Other documents/schedules as may be required. |

2. Issue claim slip if the application could not be approved within the day of filing which in no case should not exceed three (3) days after the receipt of complete documents.

3. Review and evaluate submitted documents on:

    a. Withholding of taxes by respective DPWH-Main/Regional/Provincial/City Offices from payments to contractors engaged to construct infrastructures and other projects. The withholding of two percent (2%) creditable income tax from VAT and non-VAT contractors, the five percent (5%) final value added tax from VAT contractors and the three percent (3%) creditable percentage tax from non-VAT contractors shall be based on gross payments of money or its equivalent representing the contract price, compensation or service fee, including the amount charged for materials supplied, mobilization fee, deposits and/or advanced payments actually or constructively paid; and

    b. Sales declarations per VAT and/or percentage taxes returns and compare with gross payments per DPWH cash disbursement vouchers. If with discrepancy, inform the taxpayer for reconciliation.

4. On the Certification details, write the Certificate Number following the naming convention below:

*yy – RDO – xxxxx*

where:
- yy - the year when certification was requested
- RDO - the RDO code (must be 3 – digit in preparation for the future programming where RDO codes have a maximum of 3 digits nationwide)
- xxxx - the sequential number assigned in a given office starting from 000001 at the start of the year

To illustrate,

"12 – 039 – 000001"

- Date of certification - January 12, 2012
- RDO Concerned - RDO 39, South Quezon City
- Application Number - 000001

5. Fill-up the "CERTIFICATION" portion of the application in triplicate for signature of the RDO/LTD Chief to be distributed as follows:

| | |
|---|---|
| Original | Contractor |
| Duplicate | RDO/LTD Chief |
| Triplicate | ACIR-Large Taxpayers Service/Regional Director |

6. Maintain a serially numbered special logbook to record application using the prescribed format in Annex "***B***" hereof. Fill-up the columns provided in a chronological order and the application number shall always start with number one (000001) every year.

7. Prepare a Monthly Summary Report of Approved Application for Contractor's Final Payment Release Certificate using the prescribed format in Annex "***C***".

8. Receive data/information of quarterly transactions on or before the 20th day of the following month from the respective DPWH-Main/Regional/Provincial/City Office with the prescribed format in Annex "***D***".

9. Transmit the following to the Office of the Assistant Commissioner – Large Taxpayers Service (ACIR-LTS) / Regional Director (RD) on or before the 25th day of the following month, copy furnish the Audit Information Tax Exemption and Incentives Division (AITEID):

a. Monthly Summary Report of Approved Application for Contractor's Final Payment Release Certificate (Annex "***C***") together with the triplicate copies of the approved applications; and

b. Photocopy of information report from the respective DPWH-Main/Regional/Provincial/City Offices (Annex "***D***").

**B. Office of the Assistant Commissioner – Large Taxpayers Service (ACIR – LTS) / Regional Director (RD) shall:**

1. Receive from the concerned LT Offices/RDOs the following:

   a. Monthly Summary Report of Approved Application for Contractor's Final Payment Release Certificate (Annex "B") together with the triplicate copies of the approved applications; and

   b. Photocopy of information report from the respective DPWH-Main/Regional/Provincial/City Offices (Annex "C").

2. Monitor compliance and activities of the concerned LT Offices/RDOs.

**C. Audit Information Tax Exemption and Incentives Division (AITEID) shall:**

1. Receive from the concerned LT Offices / RDOs the following:

   a. Monthly Summary Report of Approved Application for Contractor's Final Payment Release Certificate (Annex "C"); and

   b. Photocopy of information report from the respective DPWH-Main/Regional/Provincial/City Offices (Annex "D").

2. Transcribe and consolidate all data received in accordance with the prescribed computer program.

## III. Repealing Clause

This Order revokes Revenue Memorandum Order No. 39-92, as amended by Revenue Administrative Order No. 7-2000, transferring the filing of Application for Contractor's Final Payment Release Certificate by contractors whose principal place of business are located in Metro Manila district offices from the AITEID to the concerned LT Office/RDO where their principal place of business is registered and delegating to the ACIR- LTS and RDs the processing and monitoring of all activities related to this Order.

## IV. Effectivity

This Order shall take effect immediately.

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

I-2