REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Quezon City

July 17, 2006

REVENUE MEMORANDUM ORDER NO. 15-2006

SUBJECT : Prescribing the Policies and Procedures in the Implementation of Special Revalidation Covering all Outstanding Tax Credit Certificates (TCCs) Issued by the Bureau of Internal Revenue (BIR) and Those Jointly Issued by the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (OSS-Center) and the BIR Pursuant to Department of Finance Order No. 20-06 dated June 16, 2006

TO : All Internal Revenue Officers and Other Concerned

I. Objectives

1. To provide the policies and procedures for the implementation of a special revalidation of tax credit certificates, whether solely issued by the BIR or jointly issued with the OSS-Center;

2. To determine the number and value of all outstanding TCCs;

3. To prevent the use of expired, stolen, fake, tampered, cancelled or recycled TCCs;

4. To prescribe the use of new TCC (Form No. 2310, Revised June 2006) and Tax Debit Memo (Form No. 2311, Revised June 2006)) forms with enhanced security features; and

5. To update the existing database and strengthen the control mechanisms in the issuance of TCC and Tax Debit Memo (TDM).

II. Definition of Terms

For purposes of this Order, the following terms are defined as follows:

1. Outstanding Tax Credit Certificates – consist of all TCCs with creditable/outstanding balances, whether in the possession of the original grantee(s) or of their transferees.

2. Special Revalidation – refers to the retirement, recall and cancellation of all outstanding TCCs, and their replacement with updated forms bearing enhanced security features.

3. Regular Revalidation – refers to the one-time extension of the validity period of TCCs prior to their expiration at the end of the fifth (5th) year from the date of issue of the original TCC.

4. Conversion – refers to the conversion into cash refund of unutilized tax credits during the validity period of the TCC.

5. Unutilized TCC Forms – refer to the old blank TCC forms which are still in the custody of the issuing offices and unreleased to any claimant.

6. Outstanding Tax Liability – refers to a tax assessment that is already final and executory.

III. Coverage

The special revalidation shall cover all existing or outstanding TCCs, as follows:

1. Those issued solely by the BIR pursuant to the applicable provisions of the Tax Code of 1997, as amended, as well as those arising from special laws, international agreements and final court orders/decisions; and

2. Those jointly issued by the OSS-Center and the BIR under Section 112 of the Tax Code of 1997, as amended.

IV. Policies

1. Effective August 1, 2006, all outstanding TCCs shall be deemed automatically retired, recalled or cancelled, and shall no longer be accepted as payment for the taxes for which their respective holders may be liable. Thus, all holders of outstanding TCCs whether unutilized or partially utilized, are required to surrender the same to the concerned TCC issuing office for replacement with a new TCC (Form 2310, Revised June 2006) starting August 1, 2006 to December 31, 2006. The Bureau shall not accept any request for special revalidation after December 31, 2006.

2. Beginning August 1, 2006, no utilization, transfer or conversion shall be recognized or allowed to be effected by the BIR unless the TCC being presented has undergone the special revalidation pursuant to Department Order No. 20-06 dated June 16, 2006 and in accordance with this Order.

3. The use of the old Tax Credit Certificate - BIR Form Nos. 2310 (Revised November 1996 and February 2001) and 2320 (Revised April 1988) and Tax Debit Memo - BIR Form Nos. 2311 (Revised November 1996) and 2321 (Revised April 1988) shall be discontinued and all unutilized and/or unissued TCC and TDM forms which are still in the possession of all offices shall be surrendered and duly accounted for, to the Chief, Accountable Forms Division (AFD). The Chief of the said division shall monitor the compliance of the concerned offices and shall render a report on the inventory and disposition of unutilized old TCC and TDM forms not later than August 25, 2006, which shall be circularized by the concerned office.

4. The new TCC (Annex "A") and TDM (Annex "B") forms bearing enhanced security features shall be issued by the Bureau beginning August 1, 2006. Only the heads of the following TCC/TDM issuing offices are authorized to requisition the said forms from the AFD:

4.1 TCC issuing offices

a. Assessment Service
b. Collection Service
c. Large Taxpayers Service
d. Legal Service
e. Office of the Regional Directors

For TCCs jointly issued by the OSS-Center and the BIR, the DOF shall be the custodian of the TCC blank forms. Thus, the Office of the Executive Director, OSS-Center shall observe the procedures prescribed by the said Department.

4.2 TDM issuing offices

a. Revenue District Offices under Revenue Region No. 8 – Makati City
b. Large Taxpayers District Offices- Makati and Cebu
c. Large Taxpayers Collection Enforcement Division
d. Collection Programs Division

5. The AFD, as custodian of the new blank TCC and TDM forms, shall maintain permanent record books where entries are to be made whenever blank TCC and TDM forms are requisitioned by the authorized revenue officials. The record book shall contain the following data:

5.1 Serial numbers of the TCC/TDM issued to the requisitioning officer;
5.2 Date of requisition;
5.3 Requisitioning office;
5.4 Name and designation of requisitioning officer; and
5.5 Authorized representative, if applicable.

6. The new TCC form prescribed herein shall be used not only for the purpose of the special revalidation, but also for TCCs to be issued to original grantees or transferees and TCCs for regular revalidation beginning August 1, 2006.

7. The owner/holder of the outstanding TCC shall file his/its letter request for special revalidation with the concerned TCC issuing office where the original TCC was issued, together with the following documents:

7.1 Two (2) copies of duly accomplished notarized application forms (Annex "C") with the authorization letter for application filed by authorized representative;
7.2 Original copy of the TCC for revalidation and one (1) photocopy thereof; and
7.3 Photocopy of TDM(s) in case the TCC subject for special revalidation is partially utilized.

Applications for TCCs jointly issued by the BIR and OSS-Center shall be filed with the OSS-Center, which shall be verified and processed in accordance with the prescribed special revalidation procedures of the OSS-Center prior to transmittal of the said applications and attachments to the BIR.

Only letter-request with complete documents shall be accepted by the TCC issuing offices.

8. All applications for special revalidation shall be processed by the Assessment Service (AS) in the National Office in coordination with the other TCC issuing offices.

9. The concerned BIR TCC issuing offices shall determine the authenticity and validity of the TCC being presented for special revalidation prior to transmittal of the application, together with the complete attachments as enumerated above, to the AS. For applications for special revalidation received by the regional offices, delinquency verification for any outstanding unprotested tax liability shall also be determined before transmitting the applications to the AS.

10. The AS shall establish the correct outstanding/unused balance of the TCC and obtain information that it has not been transferred in full to another party or has not been converted into cash. It shall also ascertain whether the original version of the TCC was already subjected to the regular revalidation. Certifications of conversion, transfer, utilization and regular revalidation from the concerned issuing offices, Collection Service and Financial and Administrative Service must be secured.

11. Prior to the preparation of the replacement TCC, the AS shall likewise request for a delinquency verification (Annex "D") from the concerned Collection Enforcement Division/Large Taxpayers Collection and Enforcement Division in the National Office, as the case may be, of any delinquent account in the name of the owner of the TCC. If the delinquent account is unprotested, the same should first be settled by the TCC owner through outright payment in cash of the tax liability or through application for a TDM, which shall be charged off immediately against the replacement or revalidated TCC.

12. The TCC issuing office shall not release any replacement/revalidated TCC unless it ensures that the owner has no unprotested tax liability by securing an updated delinquency verification certificate from the concerned office. In case the owner of the TCC has an outstanding tax liability, the owner shall be required to settle said tax liability through cash payment or application for TDM.

13. For TCCs that were previously converted into the Integrated Tax System (ITS), the outstanding/unused ledger balance shall first be cancelled by the AS in the system before the replacement TCC using the new form is prepared.

14. The maturity date of the replacement TCC shall be the same as the maturity/expiry date of the TCC subject of the special revalidation and shall still undergo regular revalidation as provided for under Sec. 230 of the 1997 NIRC, if warranted and legally feasible, and

if the original version of TCC has not yet been subjected to the regular revalidation. Holders of outstanding TCCs that are due for regular revalidation as required under the Tax Code, as amended, should still file an application or include in their letter request such intention with the appropriate BIR office following prevailing guidelines and procedures.

15. All replacement/revalidated TCCs shall be signed by the Commissioner of Internal Revenue (CIR), except those jointly issued by the BIR and OSS-Center which shall be jointly signed by the CIR and the Executive Director of the OSS-Center.

16. Prior to the release of the replacement/revalidated TCC to the TCC issuing office, the AS shall encode the details of the said TCC into the ITS through the Conversion Facility of the Tax Credit and Refund System (TCRS).

17. Subsequently, all original TCCs to be approved and issued shall be converted into ITS to effectively monitor the issuance of TCCs and utilization thereof. TCC issuing offices, where the TCC Conversion Facility of the TCRS has already been rolled out, shall be responsible for encoding the original manually issued TCC into the TCRS prior to the release of the TCC to the taxpayer/claimant.

    For Revenue Regions where the TCC Conversion Facility is not yet available, the Collection Service shall be responsible for converting the approved TCC data into the ITS to generate the ITS TCC Transaction Number (ITS TRANS NO.) which should be indicated on the TCC form. The concerned Revenue Regions shall furnish the Collection Service a certified true copy of the original manually issued TCC. The Collection Service shall encode the appropriate data into the ITS upon receipt of the certified true copy of the TCC.

    The TCC Conversion Facility in ITS is available in the offices in the National Office and Revenue Regions, as follows:

    a. Assessment Service
    b. Collection Service
    c. Large Taxpayers Service
    d. Legal Service
    e. Revenue Region 4 – Pampanga
    f. Revenue Region 5 – Valenzuela
    g. Revenue Region 6 – Manila
    h. Revenue Region 7 – Quezon City
    i. Revenue Region 8 – Makati City
    j. Revenue Region 9 – San Pablo City
    k. Revenue Region 13 – Cebu City

18. The AS shall prepare and submit to the Office of the Commissioner the List of Newly Issued Revalidated Tax Credit Certificates per Department Order No. 20-06 not later than January 22, 2007.

V. Procedures

A. Surrender of Old TCCs

1. The TCC issuing offices mentioned in Section (Sec.) IV (4) (4.1) hereof, and Revenue District Offices and Divisions in the Revenue Regional Offices in possession of old blank TCC forms (BIR Forms 2310 and 2320) shall surrender the said forms to the Accountable Forms Division (AFD) within three (3) days from the effectivity of this Order.

2. The TDM issuing offices mentioned in Sec. IV (4) (4.2) hereof, and Revenue District Offices and Divisions in the Revenue Regional Offices in possession of old blank TDM forms (BIR Forms 2311 and 2321) shall surrender the said forms to the AFD within three (3) days from the effectivity of this Order.

3. The TCC/TDM issuing offices and other offices aforementioned shall transmit to the AFD, together with the old blank TCC/TDM forms, a certified true copy of the last issued TCC/TDM by their offices and a transmittal list (Annex "E") of the surrendered TCCs/TDMs.

4. The AFD shall stamp "Cancelled" all the copies (every page of the original, duplicate, triplicate, quadruplicate and quintuplicate copy) of the surrendered TCCs/TDMs.

5. The AFD shall verify and reconcile the returned forms against their records for any gap or missing TCC/TDM number or serial numbers. The AFD shall write the concerned offices within three (3) days from discovery for the retrieval of the complete set of missing TCC/TDM forms.

6. The concerned TCC/TDM issuing offices shall cause the transmittal of the complete set of old blank TCC/TDM forms as called for by the AFD together with a written explanation for the error/omission.

7. In case the TCC/TDM issuing offices fail to act on the call-up letter of the AFD within five (5) days from receipt thereof, the AFD shall refer the problem in writing to the Inspection Service for appropriate action.

8. The Inspection Service shall act on the referral of the AFD within one week from receipt of the memorandum from the AFD regarding the missing TCC/TDM forms.

B. Requisition and Release of New TCC and TDM Forms

1. Upon the effectivity of this Order, the TCC/TDM issuing offices, except the OSS-Center, shall prepare the Stock Position Sheet (SPS) and Requisition and Issue Slip (RIS) in four (4) copies, indicating the number of pads to be requested.

2. Upon receipt of the SPS and RIS, subject to the condition mentioned in Sec. VI (3) hereof, the AFD shall issue the new TCC/TDM forms to the concerned issuing offices.

3. The AFD shall enter the data mentioned in Sec. IV (5) hereof in its record book:

4. The AFD shall keep the original copy of the RIS and forward the duplicate and triplicate copies to the Revenue Accounting Division and Commission on Audit (COA) Resident Auditor, respectively.

5. The requisitioning officers shall file the quadruplicate copy of the RIS.

C. Acceptance of applications for TCC special revalidation by the TCC issuing offices

1. The Office of the Executive Director, OSS-Center shall receive all applications for special revalidation of TCCs jointly issued by the OSS-Center and the BIR while the BIR TCC issuing offices shall receive applications for special revalidation of TCCs solely issued by the BIR.

2. Upon receipt of the application, the TCC issuing offices shall ascertain the completeness of the documents submitted as enumerated in Sec. IV (7) hereof and acknowledge receipt if documents are in order:

2.1 Stamp "Received" on the two (2) copies of the letter request, application form and photocopy of TCC;
2.2 Affix initial and date of receipt;
2.3 Return to the applicant the duplicate copy of the letter request, application form and photocopy of the TCC;
2.4 Stamp the following on the face of the original TCC:

CANCELLED
Per Department Order No. 20-06 dated June 16, 2006

2.5 Accomplish the applicable portion of the Special Revalidation Checklist (SRC) (Annex "F"); and
2.6 Attach the SRC to the revalidation docket.

D. Processing of TCCs solely issued by the BIR

1. The TCC issuing offices shall:

1.1 Upon receipt of the documents from the applicant, determine the authenticity and validity of the TCC and perform the following verification:

a. Use blacklight to determine whether the TCC is authentic;

b. Compare the original TCC with the office's file copy of the TCC;
c. Verify if the TCC is still valid/unexpired;
d. Check whether the TCC has no erasures and the information/details contained in the original TCC matches with the information in the office's file copy; and
e. Photocopy/ies of approved conversion, transfer, utilization and/or regular revalidation.

1.2 Accomplish the applicable portion of the SRC.

1.3 Prepare certification (Annex "G") attesting to the TCC's authenticity and validity which shall be signed by the Head of the TCC issuing office.

1.4 In case the TCC issuing office is a revenue region, determine if the owner of the TCC has an outstanding unprotested tax liability by securing a delinquency verification certificate from the concerned office(s).

1.5 Transmit the revalidation docket containing the certificates, documents submitted by the applicant, certificate of outstanding tax delinquency (in case the issuing office is a revenue region), and the SRC to the AS within five (5) days from receipt of the letter request (in case the issuing office is other than the AS).

2. Upon receipt of the application from the TCC issuing office, the AS shall perform the following:

2.1 Record the details of applications received and assign sequential application numbers.

2.2 Prepare the following requests:

a. Certification on the outstanding/unused TCC balance from the concerned TDM issuing offices;
b. Delinquency verification from the concerned Collection Enforcement Division/Large Taxpayers Collection and Enforcement Division, as the case may be, of any delinquent account in the name of the owner of the TCC;
c. Certification that the TCC has not been converted into cash from the Financial and Administrative Service;
d. Certification that the TCC has not been transferred in full to another party from the Collection Service; and
e. Certification that the original version of the TCC has not been subjected to regular revalidation.

2.3 Accomplish the checklist and indicate therein the date when the above requests are transmitted to the concerned offices.

3. Upon receipt of the request for certification as to the outstanding balance of the TCC, the TDM issuing offices (Revenue District Offices under Revenue Region No.

8 – Makati City, Large Taxpayers Divisions Makati and Cebu, Large Taxpayers Collection Enforcement Division and Collection Programs Division) shall:

3.1 Determine the claimant's TCC outstanding available balance by accessing the TCRS, official record/log book and other records being maintained in the office;
3.2 Prepare Certificate of Outstanding/Unused TCC Balance; and
3.3 Transmit to the AS the certification within five (5) days from receipt of the request.

4. Upon receipt of the request for delinquency verification, the Large Taxpayers Collection Enforcement Division/Collection Enforcement Division of the National Office shall:

4.1 Determine whether the claimant has an existing uncontested/unprotested outstanding tax liability;
4.2 Accomplish the Delinquency Verification Form; and
4.3 Transmit to the AS the duly accomplished form within five (5) days from receipt of request.

5. Upon receipt of request for certification as to cash conversion, the Financial and Administrative Service shall:

5.1 Determine if the TCC has not been converted into cash;
5.2 Prepare certificate; and
5.3 Transmit the certificate to the AS within five (5) days from receipt of request.

6. Upon receipt of the request for certification as to transfer of TCC, the Collection Service shall:

6.1 Determine whether the TCC has not been transferred in full;
6.2 Prepare certificate; and
6.3 Transmit the certificate to the AS within five (5) days from receipt of request.

7. Upon receipt of the certifications from the concerned offices, the AS shall:

7.1 Indicate in the SRC the date when the certifications are received by the office.

7.2 If found to be valid and still with creditable balance based on the certifications issued by the abovementioned offices, mark the TCC "VALID" and affix signature and date.

7.3 In case the balance provided by the claimant does not match with the records available in the BIR, require the applicant to provide additional information for reconciliation purposes.

7.4 Prior to the preparation of the replacement TCC, access the TCRS to determine whether the TCC presented for special revalidation is already converted into the ITS and if applicable, cause the cancellation of the outstanding/unused ledger balance of the TCC in the ITS. Follow the procedures prescribed in the Job-Aid for the cancellation of the TCC. (The revenue officer who cancelled the TCC in the ITS must affix his signature and date of cancellation in the SRC.)

7.5 Prepare the replacement TCC using the new form, indicating the amount therein as equivalent to the remaining validated balance. The replacement/revalidated TCC shall bear the notation:

"This cancels TCC No. _____ dated _____."

In case the original version of the TCC has already been subjected to regular revalidation, the following notation should be indicated on the new version of the TCC:

"The original version of TCC has been subjected to a regular revalidation on __(date)___. Thus, this TCC can no longer be subjected to another regular revalidation."

7.6 Forward the replacement TCC to the Commissioner for signature.

7.7 Upon receipt of the signed replacement TCC, encode the details of the TCC in the ITS following the procedures prescribed in the Job-Aid for the encoding of the replacement TCC. For claimant with outstanding tax liability and who opted to settle his/its delinquent account through the issuance of TDM, require the taxpayer to file a request for the issuance of TDM with the concerned TDM issuing office. (The TDM shall be charged off immediately against the replacement TCC.)

7.8 Record all relevant information pertaining to the replacement/revalidated TCC in the registry/record book on TCC issuances.

7.9 If the TCC issuing office is a revenue region, forward the original, triplicate and quintuplicate copies of the revalidated TCC. For other BIR TCC issuing offices, forward only the original and quintuplicate copies of the revalidated TCC.

Transmit to the Revenue Accounting Division the duplicate/triplicate copies and attach the quadruplicate copy to the revalidation docket.

7.10 Retain a photocopy of the revalidated TCC for AS file copy.

E. The TCC issuing offices (Office of the Regional Director, Large Taxpayer Service and Collection Service) shall:

1. Receive the signed replacement/revalidated TCC from the AS.

2. Ensure that the owner/taxpayer of the TCC has no unprotested delinquent account prior to the release of the TCC by obtaining an updated delinquency verification certificate. If the taxpayer has an unprotested tax liability, require settlement through cash payment or application for TDM with the concerned BIR office.

3. Release the original copy of the TCC to the taxpayer and file the quintuplicate copy. For revenue regions, forward the triplicate copy to the Finance Division.

4. Record all relevant information pertaining to the replacement/revalidated TCC in the registry/record book on TCC issuances.

VI. Reporting Requirements

The concerned offices shall submit the following reports:

1. The Financial and Administrative Service, through the Accountable Forms Division, shall prepare a Report on the Inventory and Disposition of Tax Credit Certificate and Tax Debit Memo Forms (old version) for submission to the Department of Finance on or before August 31, 2006.

2. The Assessment Service shall prepare and submit to the Office of the Commissioner the List of Newly Issued Revalidated TCCs (new version) Per Department Order No. 20-06 (Annex "H") on or before January 22, 2007.

3. The TCC/TDM issuing offices shall prepare and submit to the AFD a monthly Report of Accountability for Accountable Forms (formerly Monthly Report of Accountability – Gen. Form 16) on or before the 10th day of the month.

   No further issuance of TCC/TDM forms shall be made unless the requisitioning officer has submitted the said report to the AFD.

4. The Systems Maintenance and Support Division shall generate and submit the following report to the Assessment Service not later than January 5, 2007:

   4.1 Tax Credit Certificates Cancelled for the period August 1, 2006 up to December 31, 2006; and
   4.2 Tax Credit Certificates Issued for the period August 1, 2006 up to December 31, 2006.

VII. Transitory Provisions

1. Where claims for original issuance of TCC, request for assignment or transfer of TCC and request for regular revalidation of TCC had been filed with the BIR and/or OSS-Center prior to August 1, 2006, and the same are in process and still pending with the office as of August 1, 2006, these shall be acted upon in accordance with existing prescribed policies and procedures in the processing of the claims for issuance of TCC, request for assignment or transfer of TCC and request for regular revalidation. For transfers and regular revalidation where the original TCCs are in the possession of the BIR prior to August 1, 2006, the said TCCs shall not be covered by the special revalidation under this Order. Upon approval of the claim/request, the new TCC form shall be issued to the taxpayer/claimant/transferee.

2. For requests for TCC utilization or TDM issuance which are pending in the BIR/OSS-Center upon the effectivity of this Order, the same shall be processed in accordance with existing prescribed policies and procedures on TDM issuance. Likewise, the TCC filed shall not undergo special revalidation and upon approval, the new TDM form shall be issued to the taxpayer. However, the taxpayer shall be advised to apply subsequently for special revalidation of the TCC.

3. For requests for cash conversion filed prior to August 1, 2006 where the original TCCs are in the possession of the BIR for processing and still pending as of August 1, 2006, the said TCCs shall not be covered by the special revalidation and shall be processed in accordance with existing prescribed policies and procedures on cash conversion.

VIII. Repealing Clause

All revenue issuances or portions thereof, which are inconsistent herewith, are hereby repealed accordingly.

IX. Effectivity

This Order shall take effect on August 1, 2006.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue

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