



10 AUG 2006 2006

CUSTOMS ADMINISTRATIVE ORDER
NO. 5-2-006

SUBJECT: SPECIAL REVALIDATION OF ALL OUTSTANDING TAX CREDIT CERTIFICATES (TCCs) ISSUED BY THE BUREAU OF CUSTOMS PRIOR TO AUGUST 1, 2006

Pursuant to Section 608 of the Tariff and Customs Code of the Philippines, as amended, and in compliance with Department Order No. 20-06 dated 16 June 2006 of the Secretary of Finance providing for special revalidation of all outstanding Tax Credit Certificates (TCCs) issued by the Bureau of Customs prior to August 1, 2006, this Customs Memorandum Order is being issued subject to the following rules and regulations.

Section 1 Objectives. - The special revalidation program provided under this Order and as defined under Sec. 2 of Department Order No. 20-06 refers to the retirement or recall and cancellation of **ALL** outstanding TCCs and their replacement with TCCs utilizing updated forms and containing enhanced security features, for the following purposes.

- a. To prevent the use of expired, stolen, fake, tampered or recycled TCC that may still be circulating in the market,
- b. To replace outstanding TCC with new certificates bearing enhanced security features;
- c. To determine the volume and value of all outstanding TCCs issued solely by the Bureau of Customs and those jointly issued by the Bureau of Customs and the One-Stop-Shop Inter-Agency Tax Credit and Duty Drawback Center (OSS-Center); and
- d. To develop a system that would effectively monitor and generate, at any given time, data on the amount and number of outstanding TCCs.

Section 2 Coverage. - The program shall cover all outstanding TCCs issued **solely** by the Bureau of Customs.

Outstanding TCCs - this consists of all TCCs with creditable/outstanding balances in the custody of the Collection Division of every Collection District and those unutilized in the possession of the original grantee, transferee or assignee.

Unutilized/Unissued TCCs - Forms - this consists of blank TCC forms which are still in the custody of the Bureau of Customs.

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This Order **does not cover** BOC-issued TCC and the regular revalidation of TCCs being conducted by the Bureau of Customs in accordance with the provisions of the Tariff and Customs Code of the Philippines, as amended, and other existing laws, rules and regulations. However, it shall apply *suppletorily* to jointly-issued TCCs by the BOC and OSS-Center under the same procedures as in the joint issuance of TCC by the said offices.

Section 3. ***Cancellation of TCCs.*** Effective August 1, 2006, all outstanding TCCs are hereby recalled or retired and canceled and shall no longer be allowed as or payment for customs duties and taxes of the TCC holder.

Section 4. ***Period for Submission of TCCs for Special Revalidation.*** - Beginning August 1, 2006, no utilization, transfer or conversion shall be effected by the Bureau unless the TCC being presented has undergone the special revalidation prescribed in these regulations. The new TCC issued after special revalidation shall bear an expiration date of five (5) years from date of issue, unless validated before the end of the expiry date. Holders of outstanding TCCs shall file their application, together with the original copy of the TCC, with the Tax Credit Committee for special revalidation upon the effectivity of this Order up to December 31, 2006. All application for revalidation filed after December 31, 2006 shall only be entertained by the Committee under meritorious circumstances, subject to approval by the Commissioner of Customs and the Secretary of Finance.

Section 5. ***Effect of Non-Revalidation of TCC.*** Failure of the TCC Holder to apply for revalidation as herein provided within the prescribed period shall render the TCC as invalid and escheated in favor of the government.

Section 6. ***Processing of Applications for Special Revalidation.*** -

1. **For BOC solely-issued TCCs:**

- a. The application for revalidation shall be filed by the holder of the TCC and the original copy thereof shall be presented/surrendered before the Tax Credit Committee for verification whether the TCC is authentic, untampered, validly issued per BOC records, subsisting or unexpired and, therefore, qualifies for the issuance of a new certificate corresponding to its unused balance;
- b. For corporate holders of TCCs, the request for revalidation should be accompanied by a Secretary's Certificate embodying the resolution of the Board of Directors authorizing the representative of the company who shall sign any and all documents pertaining thereto. For individual or single proprietorship, the authorized representative who shall transact business with the Bureau of Customs for revalidation of TCCs should be armed with a Special Power of Attorney signed by the Manager or Proprietor thereof;
- c. The creditable/outstanding/unutilized balance of the TCCs subject of revalidation shall be based on the reconciled figure as appearing at the back of the TCC and the records of the BOC. The outstanding balance available for special revalidation shall always be the remaining unexpired balance after deducting all existing uncontested/unprotested receivable from outstanding tax liability of the TCC holder.



- d. If found to be valid and still with creditable balance as reflected in the records of both the BOC and the TCC holder, the TCC shall be marked "VALID FOR CUSTOMS TRANSACTION ONLY"; "NOT VALID FOR BANK TRANSACTION" and countersigned by the Secretariat of the Tax Credit Committee;
- e. The original copy of the canceled and revalidated TCC shall remain to be in the custody of the Tax Credit Committee and a new TCC using the new form with security features corresponding to the validated remaining balance shall be issued. The revalidated TCC shall bear the notation "THIS CANCELS TCC NO. _____ DATED _____";
- f. The replacement/revalidated TCC shall indicate the date of original issuance of the old TCC, date of special revalidation and the TCC expiry date.
- g. The Tax Credit Committee shall accept, process and approve/deny applications for revalidation of TCCs filed within the aforesaid period. The replacement/revalidated TCC shall be signed by the Chairman, Tax Credit Committee.

II. For jointly-issued TCCs by the BOC and the OSS-Center:

- a. The written request for revalidation, together with the original copy of the TCC shall be filed with the OSS-Center, DOF which shall review compliance thereof in accordance with existing guidelines;
- b. After review of the application for revalidation, the same shall be forwarded to the Tax Credit Committee, Office of the Commissioner, Bureau of Customs, for final approval;
- c. Once approved, a resolution approving the request for revalidation shall be issued and indorsed to the OSS-Center;
- d. The OSS-Center shall prepare the new and revalidated TCC to be signed by its Executive Director and the Chairman, Tax Credit Committee, Bureau of Customs;
- e. The TCC shall then be returned to the OSS-Center for release to the applicant in accordance with pertinent existing guidelines of said office.

Section 7. Implementation. - In order to effectively implement said DOF Department Order, the District Collectors of Customs and the Accounting Division, Financial Management Office, are hereby directed to surrender the original copy of ALL outstanding and/or unutilized/unissued TCCs in their possession with the Tax Credit Committee within TEN (10) DAYS from date of effectivity of this Order.

Section 8. Filing Fee. - A non-refundable fee shall be collected from the applicants for revalidation of TCCs computed according to the following schedule:

Amount of creditable/outstanding
unutilized balance of TCC

Filing Fee



PhP100,000.00 and below	PhP	200.00
From PhP100,001.00 to PhP400,000.00		400.00
From PhP400,001.00 to PhP700,000.00		600.00
From PhP700,001.00 to PhP1,000,000.00		800.00
Over PhP1,000,000.00		1,000.00

Section 9. **TCC Replacement Fee.** - In case of lost TCCs, the claimant shall submit a notice of loss to the Committee within the revalidation period and shall be required to comply with the procedures and requirements provided under the pertinent guidelines for the replacement of lost TCCs. Upon application for replacement of lost TCC, a corresponding replacement fee shall be paid in accordance with the following schedule:

<u>Amount/Unused Portion of Lost TCC</u>	<u>Replacement Fee</u>
PhP100,000.00 and below	PhP 2,000.00
From PhP100,001.00 to PhP400,000.00	3,000.00
From PhP400,001.00 to PhP700,000.00	4,000.00
From PhP700,001.00 to PhP1,000,000.00	5,000.00
Over PhP1,000,000.00	6,000.00

Section 10. **Certification Fee.** - A fee of PhP150.00 shall be collected for each request enumerated hereunder:

1. That the firm has no similar or outstanding request for revalidation;
2. The authenticity of Tax Credit Certificates, and
3. Other similar requests for certification.

All fees and charges identified herewith are deemed non-refundable.


Section 11. **Separability Clause.** - If any portion or provision of this Order be hereafter declared illegal or void by the Court or other competent authority, the other portions or provisions thereof shall remain in full force and effect.

Section 12. **Repealing Clause.** - All rules and regulations inconsistent with this Order are hereby repealed, superseded or modified accordingly.

Section 13. **Effectivity Clause.** - This Order shall take effect immediately after its publication in a newspaper of general circulation and filing of copies with the UP Law Center pursuant to E.O. No. 292 (Administrative Code of 1997).



NAPOLEON L. MORALES
 Commissioner of Customs

APPROVED:

MARGARITO B. TEVES
 Secretary
 Department of Finance

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