

[BOC CUSTOMS MEMORANDUM ORDER NO. 11-2008, February 29, 2008]

PROCEDURAL GUIDELINES ON THE UTILIZATION OF EXCESS VAT SUBSIDY CHECKS NSC), ISSUED BY BIR TO QUALIFIED SUBCONTRACTORS/ SUPPLIERS AND SUB- SUBCONTRACTORS/ SUB-SUPPLIERS OF THE BASES CONVERSION DEVELOPMENT AUTHORITY (BCDA) SUBIC TARLAC EXPRESSWAY PROJECT (SCTEP), IN THE BOC AS PAYMENT OF VAT ON THEIR IMPORTATIONS AND TRANSFER OF THE PORTION OF THE SARO TO THE ACCOUNT OF BOC

Pursuant to the Memorandum of Agreement entered into between the Bureau of Customs and Bureau of Internal Revenue on December 14, 2007; Fiscal Incentive Review Board (FIRB) Resolution No. 3-07; and BIR Revenue Regulation 17-2005; the following are hereby prescribed:

I. Objectives and Scope

This CMO is executed for the purpose of providing a procedure for the utilization of the tax subsidy granted by the FIRB to the BCDA relative to the SCTEP. Specifically, it aims to:

- a. Provide a procedure for the transfer of the portion of the SARO allotted for Value-Added Tax on Local Purchases originally apportioned to the BIR, to the BOC, which will be utilized as payment for Value-Added Tax on Importation in the BOC;
- b. Establish guidelines for the utilization of CEVS issued by BIR to the subcontractors/ sub-suppliers and sub-subcontractors/sub-suppliers of the SCTEP
- c. Facilitate efficient mechanism to expedite verification/inspection of relevant documents through enhanced database system to be adopted by both parties;
- d. Proper reconciliation in the Books of Accounts of both parties to reflect the utilization of the CEVS as provided for by the Bureau of Treasury.

The provisions of this Order shall be applicable to all claims for utilization of VAT Subsidy check as payment for VAT liabilities of subcontractors/suppliers, sub-subcontractors/sub-suppliers on their importations in connection with the SCTEP, and for other Projects embodied in the MOA.

II. Definition of Terms

For purposes of this CMO, the following definitions are hereby adopted;

- a. VSC-means Value-Added Tax Subsidy checks;

- b. BCDA -means Bases Conversion and Development Authority;
- c. SCTEP - means Subic-Clark-Tarlac Expressway Project;
- d. FIRB- means Fiscal Incentives Review Board;
- e. SARO - means Statement of Allotment and Release Order;
- f. CEVS - means Certificate of Excess VAT Subsidy issued by the BIR;
- g. CRMD -means Central Records Management Division of BOC;
- h. BCTDM- means BOC-Tax Debit Memo; .
- i. RAD-means Revenue Accounting Division of BOC/BIR;
- j. TSAC - means Tax Subsidy Availment Certificate;
- k. JEV- means Journal Entry Voucher of BTR.

Detailed definition of VSC, SARO, CEVS, TSAC are provided for under Revenue Regulation No. 17-2005.

III. Administrative Provisions

1 The RCMG, through the Collection Service, shall issue BCTDM to be utilized only in the payment of VAT on importation per import entry as provided in the CEVS issued by the BIR.

2.The BCTDM shall contain control number, to whom issued, Tax Identification Number (TIN), office address, amount of subsidy, date issued, Import Entry Internal Revenue Declaration Number, Bill of Lading/Airway Bill Number, where it can be used or utilized in the payment of VAT on importation, VSC Number, and other means necessary to monitor its use or utilization;

3.The BCTDM may only be utilized as payment for VAT on importation in the specific import entry provided in the CEVS and in case of non-utifization thereof, the RCMG, through the Collection Service, shall cancel the same, to be replaced anew upon receipt of the . CEVS from the BIR;

4.All issued BCTDM shall be subject to post-audit in a regular basis without prejudice for subsequent adjustments for any discrepancies;

5.Based on the report of the VSC utilized, as well as relevant documents furnished by the Collection Service, the CEVS shall be the basis of BOC RAD to record the revenue collection in the Book of Accounts of the Bureau, that shall cover the full amount of the utilized BCTDM, which shall likewise be reflected in the JEV of the BTR;

6.Collection Service shall be responsible in the proper monitoring of the utilization of