

MALACAÑAN PALACE

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 68

**MONETIZATION PROGRAM OF OUTSTANDING VALUE-ADDED TAX (VAT) TAX  
CREDIT CERTIFICATES (TCCs)**

**WHEREAS**, Section 112 (A) of Republic Act (RA) No. 8424, otherwise known as the Tax Reform Act of 1997, as amended, and Section 106 (e) of the Tariff and Customs Code of the Philippines (TCCP), as amended, provides for refund of tax credits;

**WHEREAS**, the VAT TCC monetization program is a mechanism to give qualified VAT-registered persons the cash equivalent of their outstanding VAT TCCs; and

**WHEREAS**, the implementation of the program promotes conducive business environment and raises the business credibility of the government both locally and globally.

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. VAT TCC Monetization Program.** A monetization program is hereby adopted in order to give qualified VAT-registered taxpayers the cash equivalent of their outstanding TCCs under the following options:

- a. Collect in advance from a trustee bank a discounted cash value of their TCCs; or
- b. Collect the full cash value of the TCCs upon a certain maturity date, to be determined by the Bureau of Internal Revenue (BIR) or the Bureau of Customs (BOC), as the case may be, pursuant to the implementing rules and regulations that will be issued to implement this Executive Order.

**SECTION 2. Coverage.** The VAT TCC monetization program shall cover outstanding VAT TCCs issued pursuant to Section 112 (A) of RA 8424, as amended, and outstanding VAT component of drawback TCCs issued pursuant to Section 106 (e) of the TCCP, as amended.

**SECTION 3. Period of Implementation.** The VAT TCC monetization program will be spread over a five-year period from 2012 to 2016. The funding requirement for this purpose shall be included in the National Expenditure Program (NEP) for the said years.

**SECTION 4. Duties and Responsibilities.** The following departments and offices shall have the following duties and responsibilities:

a. The Department of Budget and Management (DBM) shall ensure that the funding requirement for the monetization program of outstanding VAT TCCs is included in the NEP from 2012 to 2016 based on the request made by the Department of Finance (DOF). Once approved, the DBM shall release the amounts appropriated for this purpose in the General Appropriations Act (GAA) upon the request of DOF.

b. The DOF shall direct the BIR and the BOC to verify the outstanding VAT TCCs and, subject to existing laws, rules and regulations, perform the following functions:

i. Provide the confirmation letter of the national government to acknowledge that the outstanding VAT TCCs constitute an obligation of the Republic of the Philippines;

ii. Favorably endorse to the national government agency concerned or to the Bangko Sentral ng Pilipinas (BSP), 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;

iii. Make arrangements with trustee bank on the requirements for the opening of a special account; and

iv. Make available the facilities of the Bureau of Treasury (BTr), including, but not limited to, 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 VAT TCC monetization program.

c. The BIR or the BOC shall issue the Notice of Payment Schedule to VAT TCC holders upon verification of the outstanding VAT TCCs.

d. The Government Financial Institutions (GFIs) shall serve as trustee banks for purposes of monetizing the outstanding VAT TCCs. A special trust account shall be established by the GFIs for the purpose.

e. The Commission on Audit (COA) shall have the power and duty to examine the recording of all transactions relative to the monetization of outstanding VAT TCCs.

**SECTION 5. Implementing Rules and Regulations (IRRs).** The DBM, DOF, BIR and BOC shall jointly issue the IRRs on the VAT TCC monetization program.

**SECTION 6. Non-issuance of VAT TCCs by BIR and BOC.** Beginning 2012, the BIR and the BOC shall no longer issue TCCs for VAT refund, unless applied for by the VAT taxpayer, pursuant to Section 112 (A) of RA 8424, as amended, and Section 106 (e) of the TCCP, as amended.

**SECTION 7. Repealing Clause.** All issuances, orders, rules and regulations, or parts thereof, which are inconsistent with this Executive Order are hereby repealed, amended or modified accordingly.

**SECTION 8. Separability Clause.** If any provision of this Executive Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 9. Effectivity Clause.** This Executive Order shall take effect immediately upon publication in a newspaper of general publication.

**DONE**, in the City of Manila, this 27th day March, in the year of Our Lord, Two Thousand and Twelve.

(Sgd.) **BENIGNO S. AQUINO III**

By the President:

(Sgd.) **PAQUITO N. OCHOA, JR.**

Executive Secretary