

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

June 20, 2006

REVENUE REGULATIONS No. 12 – 2006

SUBJECT: Rules and Regulations Implementing the Tax Subsidy
Granted by the Fiscal Incentives Review Board (FIRB) to the
Philippine National Police Service Store System (PNPSSS)

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. – These Regulations are hereby promulgated to implement the tax subsidy granted by the FIRB to the PNPSSS with respect to its purchases from local manufacturers, producers or suppliers of articles or commodities subject to excise tax and value-added tax (VAT), and the sale thereof to persons entitled to store privileges. As to other tax liabilities of the PNPSSS, the provisions of the Rules, Guidelines and Procedures Implementing the Tax Expenditure Subsidy Section under the General Provisions of the Annual General Appropriations Act of 2005 shall apply.

SECTION 2. Coverage/Limitations – The privileges granted herein shall be limited to the products/goods, amount of tax subsidy, scope and period of tax subsidy as provided for in the FIRB Resolution and Certificate of Entitlement to Subsidy (CES) issued by the Department of Finance (DOF).

SECTION 3. General Guidelines – No purchase order (PO) for articles or commodities originating from the PNPSSS, for which payment of the corresponding tax shall be made through the application of its government-granted subsidy, shall be honored or filled by any manufacturer, producer or supplier unless the same is approved by the authorized official of the PNPSSS indicated therein. The name of the approving official, together with his specimen signature, shall be submitted to the Commissioner of Internal Revenue (CIR) or his duly authorized officers.

The PNPSSS shall file an application with the Department of Budget and Management (DBM) for availment of entitlement to subsidy for the payment of excise tax and/or VAT on its purchases of goods for subsequent sale to its intended beneficiaries. Upon approval of the application, the DBM shall issue a Special Allotment Release Order (SARO) in favor of the Bureau of Treasury (BTr) to cover the payment of the aforesaid taxes payable to the Bureau of Internal Revenue (BIR). The PNPSSS shall furnish the Revenue District Office (RDO) having jurisdiction over the PNPSSS' principal office and the BTr a copy of the SARO.

Upon receipt of the SARO, the RDO having jurisdiction over the PNPSSS's principal office shall furnish the Revenue Accounting Division (RAD) under the Collection Service of

the BIR a copy of the same. The RAD shall record the corresponding revenue collection upon receipt of the BTr's Journal Entry Voucher (JEV).

The PNPSSS shall submit to the CIR, through the RDO having jurisdiction over the PNPSSS's principal office, a Quarterly Summary List of Purchases and Input Tax in diskette form in accordance with the provisions of Revenue Regulations No. 8-2002. In addition to the information required in the said regulations, the following shall be indicated in the list:

1. PO Number issued by the PNPSSS;
2. Sales invoice issued by the manufacturer, producer or supplier; and
3. Delivery receipts issued by the manufacturer, producer or supplier.

The manufacturers, producers or suppliers referred to herein, as well as the PNPSSS, shall each have a registry book, duly registered with the BIR. All sales made to PNPSSS by the manufacturers, producers or suppliers shall likewise be entered in the said registry book not later than the day immediately following the date of the transaction. The books of the manufacturer, purchaser or supplier and PNPSSS shall be kept and maintained like any by any duly authorized internal revenue officer.

SECTION 4. Procedural Guidelines

A. On Items Subject to Value-Added Tax (VAT)

(1) PNPSSS shall apply for the Tax Subsidy Availment Certificate (TSAC) representing payment of VAT on purchases of goods for subsequent sale to its intended beneficiaries with the CIR through the RDO having jurisdiction over PNPSSS's principal or head office. The application for the issuance of a TSAC shall be signed by the duly authorized official of the PNPSSS. For VAT purposes, PNPSSS shall attach to the application a copy of the PO and two (2) copies of the supplier's invoice/official receipt covering the transaction. The aforesaid transaction shall be billed VAT inclusive.

(2) Upon determination that the application is complete and in order, the CIR, through the RDO, shall issue the TSAC to the effect that taxes for the said purchase have been paid. This certificate shall be made in four (4) copies to be distributed as follows:

Original	-	PNPSSS
Duplicate	-	Seller of the Goods
TriPLICATE	-	Revenue Accounting Division
Quadruplicate	-	File copy-RDO

(3) Before the release of the TSAC, each and every availment of the subsidy shall be properly recorder by the RDO in order to determine and update the balance of the released allotment.

(4) The RDO shall submit a Monthly Report of Tax Subsidy Availment Certificates Issued, with the triplicate copies of the TSAC, to the RAD within fifteen (15) days after the end of each month.

(5) The amount appearing in the TSAC shall be used as payment of the VAT input tax on purchases of goods made by PNPSSS from its local manufacturers, producers or suppliers.

(6) In filing his/its Quarterly Value-Added Tax Return, the manufacturer, producer or supplier shall include the sales covered by the availment of tax subsidy in his/its total gross sales subject to VAT. The issued duplicate copy of the TSAC shall be used by the manufacturer, producer or supplier as payment of his/its VAT liability on his/its sales to PNPSSS. For this purpose, the issued duplicate copy of the certificate shall be attached to his/its VAT return.

B. On Articles Subject to Excise Tax

(1) For goods subject to excise tax, PNPSSS shall prepare POs indicating therein the tax base, amount of excise tax due and total amount. The PO shall be coursed through the concerned RDO for proper evaluation of the accuracy of the amount of excise tax indicated therein. The PO shall then be used to support the preparation and issuance of a TSAC equivalent to the amount of the excise tax as computed therein by the concerned district office. However, purchases of petroleum products from dealers shall be covered by the tax subsidy only if the same are purchased by dealers directly from local refiners. In addition to the PO, a copy of the Supply Agreement between the dealer and local refiner shall also be submitted together with the Application for Tax Subsidy Availment Certificate for Excise Tax. It should be stated in the agreement that the supply is being purchased exclusively for PNPSSS. To ensure that the excise tax thereon has been paid, the documents pertaining to said transaction shall be subject to proper verification by the BIR prior to the release of the TSAC.

(2) Prior to the issuance of the TSAC, the issuing unit shall update its book to indicate the availment balance for future utilization, after deducting the latest application for TSAC utilization for excise tax purposes. For purchases from petroleum dealers, the name of the dealer and local refiner from whom the petroleum product was purchased shall be indicated in the TSAC to be issued as follows:

(Name of the Dealer) for the Account of (Name of Supplier/Local Refiner)

The amount appearing in the said TSAC shall be deducted from the total amount payable by the petroleum dealer to the supplier/local refiner. This TSAC shall be used by the latter as payment of its excise tax liability with the BIR, without the necessity of applying for transfer/utilization.

(3) All invoices issued by the PNPSSS covering sales of motor fuel and lubricants shall indicate legibly, among others, the name of the purchaser who is the user of the vehicle, if government-issued, or of the owner of the vehicle, make of vehicle, plate number, and kind/description and quantity of petroleum products to be sold.

(4) Upon full and actual receipt of its purchased articles, PNPSSS shall immediately submit to the concerned RDO the copies of the sales invoices/official receipts and delivery receipts (DR), duly acknowledged by PNPSSS's authorized representative, corresponding to the POs covered by the TSAC issued in its favor. The following information shall be indicated in the DR:

1. Full name of authorized employee;
2. Signature;
3. Date;
4. Time; and
5. Place of actual delivery/unloading of purchased articles.

The RDO shall not process any subsequent application for TSAC on excise tax unless a previously issued TSAC in favor of PNPSSS has been fully liquidated as herein required.

(5) The same procedure for recording the issuance of the TSAC as stated in Section 4(A)(3) and (4) hereof shall apply to articles subject to excise tax.

Section 5. Repealing Clause – Any existing regulations, order or instructions or portions thereof that are inconsistent with these regulations are hereby repealed, amended or modified accordingly.

Section 6. Effectivity Clause – These regulations shall take effect after fifteen (15) days from the date of publication in a newspaper of general circulation.

(Original Signed)
MARGARITO B. TEVES
Secretary
Department of Finance

Recommending Approval:

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