

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

December 2, 2011

**REVENUE MEMORANDUM CIRCULAR NO. 59-2011**

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**SUBJECT** : Clarification on the Crediting of Tax Collections thru Special Allotment Release Orders (SAROs), Tax Subsidy Availment Certificates (TSACs), and Tax Subsidy Debit Memos (TSDMs)

**TO** : All Revenue Officials and Others Concerned

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It has been observed that one of the sources of discrepancies in the reported tax collections by some Revenue District Offices against the tax collections recognized by the Bureau of the Treasury (BTr) is the tax collection from tax subsidy availments of some qualified beneficiaries as determined by the Fiscal Incentives Review Board (FIRB). Under existing procedures, the Bureau, thru the Revenue Accounting Division (RAD) records the Special Allotment Release Order (SARO) issued by the Department of Budget and Management (DBM) upon receipt of the copy of the said SARO from the Revenue District Office having jurisdiction over the tax subsidy beneficiary [e.g., Armed Forces of the Philippines Commissary Exchange Services (AFCES), Philippine National Police Service Store System (PNPSSS), Bases Conversion and Development Authority (BCDA), etc.] and the copy of the Journal Entry Voucher (JEV) prepared and issued by the BTr. These SAROs are being considered by the RAD as part of the collection performance of the RDOs having jurisdiction over the FIRB-approved recipients of these tax subsidies.

After the receipt of the copy of the SAROs, the concerned RDOs processes the applications filed by the tax subsidy beneficiaries for the issuance of Tax Subsidy Availment Certificates (TSAC) and Tax Subsidy Debit Memos (TSDMs), whichever is applicable pursuant to the existing guidelines and procedures. The TSACs and TSDMs are, in turn, being used by the suppliers, sub-suppliers, contractors, and subcontractors of the tax subsidy beneficiaries in payment of taxes payable to the Bureau of Internal Revenue. Upon presentation of the TSACs and TSDMs by these suppliers, sub-suppliers, contractors, and subcontractors in payment of their tax liabilities, their respective RDOs likewise recognize such subsidy availments as part of their collection performance. This practice has been creating distortions in the collection figures being reported by the RDOs in their respective Monthly Statistical Reports (BIR Form No. 12.09) being submitted to the Statistics Division.

In order to establish a clean collection data and to obviate the occurrence of instances wherein two or more RDOs are claiming the same tax collections as part of their respective collection performance, the following clarificatory guidelines are hereby issued:

1. Tax collections thru SAROs shall be credited to the concerned RDO having jurisdiction over the principal place of business of the tax subsidy beneficiary. This shall be recognized as tax collections by the RAD and the concerned RDO **on the month the same are taken up in the books by the BTr**. For this purpose and to ensure that tax collections from SAROs are timely recognized as collections of the BIR by the BTr, the concerned RDO must be pro-active in ensuring that all SAROs approved by the DBM are immediately transmitted to the BTr before the monthly closing of the latter's books of accounts which is not later than the eighth (8<sup>th</sup>) working day of the following month and the last working day of January of the ensuing year, for the month of December;

**EXAMPLES:**

<b>DATE OF SARO</b>	<b>DATE OF BTr JEV</b>	<b>DATE OF CLOSING OF BTr BOOKS OF ACCOUNTS</b>	<b>DATE RECEIVED BY RDO</b>	<b>12.09 COLLECTION MONTH</b>
Dec. 20, 2010	Dec. 27, 2010	Jan. 31, 2011	Jan. 7, 2011	December 2010
Sept. 28, 2010	Dec. 10, 2010	Jan. 31, 2011	Dec. 17, 2010	December 2010
Feb. 26, 2010	Sept. 28, 2010	Oct. 12, 2010	Sept. 30, 2010	September 2010
May 13, 2010	Dec. 27, 2010	Jan. 31, 2011	Jan. 24, 2011	December 2010

2. Only SAROs duly issued by the DBM shall be considered as acceptable basis for claiming tax collections. As such, the Certificate of Entitlement to Subsidy (CES) or any other similar document issued by FIRB prior to the issuance of SARO shall not be considered as basis in the recognition of the collection performance of the RDOs;
3. Tax collections generated thru TSACs and TSDMs shall not be claimed as collection performance of the concerned RDOs having jurisdictions over the local manufacturers, producers or suppliers of articles commodities and primary contractors and consultant, sub-contractors and suppliers, sub-contractors and sub-suppliers of tax subsidy beneficiaries. The same shall only be classified as tax collections thru TSACs and TSDMs in the 12.09 reports and denominated under the non-cash collection column similar to the reporting of tax collections thru Tax Debit Memos (TDMs);
4. Out-of-period collections from SAROs which were reported by the RDOs in their 12.09 report in the subsequent month shall have to be adjusted and accounted as collection on the month it was taken up in the books by the BTr. Collections claimed based only on CES issued by the FIRB shall be excluded /deducted from the collection performance of RDOs;
5. All RDOs that claimed collection performance arising from TSAC and TSDM availments, as well as collections based on CES only and out-of- period collections from SAROs, as part of their regular tax collections in the 1209 reports shall prepare and submit to the Statistics Division their respective amended 12.09 reports covering the period January to October 2011, not later than December 28, 2011. Every month thereafter, collections from TSACs and TSDMs shall be reported pursuant to Item No. 3 of this Circular; and
6. The Statistics Division, in coordination with the RAD, shall monitor the compliance of all the concerned RDOs with this policy in order to ensure that the correct tax collections are reported in their respective 12.09 reports.

All revenue officials and others concerned are hereby enjoined to strictly comply with the provisions of this Circular.

(Original Signed)  
**KIM S. JACINTO-HENARES**  
 Commissioner of Internal Revenue