



Bringing in Revenues  
for Nation-building

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



February 24, 2025

REVENUE MEMORANDUM CIRCULAR NO. 0 2 0 - 2 0 2 5

**SUBJECT :** Clarification of Certain Policies, Guidelines and Procedures Relative to the Processing and Issuance of Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)

**TO :** All Revenue Officials, Employees and Other Concerned

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This Circular is hereby issued to clarify certain policies, guidelines and procedures relative to the processing and issuance of Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG) pursuant to Revenue Memorandum Order (RMO) No. 2-2025.

Section III of RMO No. 2-2025 provides the coverage of requiring and issuing a TCFG as follows:

*"III. COVERAGE"*

1. *Government contracts for any procurement done through public bidding process pursuant to RA No. 9184 otherwise known as the "Government Procurement Reform Act", as amended by RA No. 12009 shall be covered by the TCFG;*
2. *Government contracts for the procurement of goods, consulting services, and infrastructure projects pursuant to the scope and application as defined under RA No. 9184; and"*

In relation thereto, this Office clarifies that the TCFG shall be required and issued only for government contracts which involves the procurement of goods, consulting services, and infrastructure projects done through public bidding process pursuant to RA No. 9184 otherwise known as the "Government Procurement Reform Act", as amended by RA No. 12009. Procurement involving small value purchases are not required to secure TCFG.

Pursuant to Section IV of RMO No. 2-2025, TCFG shall be defined as follows:

*"IV. DEFINITION OF TERMS"*

*For the purpose of this Order, the following words and/or phrases shall be defined as follows:*

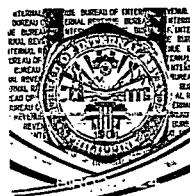
1. "Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)" – refers to the certificate to be secured by the contractor who have existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units which will be presented prior to the final settlement of the government contracts to ensure complete and timely payment and remittance of taxes.

This Office clarifies that the TCFG shall be presented only prior to the final settlement of the government contracts with its suppliers on a per contract basis to ensure complete and timely payment and remittance of taxes. For example, taxpayer ABC has a contract with a government agency that underwent a public bidding process pursuant to RA NO. 9184 involving ten (10) installment payments, the TCFG shall only be required and secured before the 10th final settlement. Thus, no TCFG shall be required during the initial and partial payments for the said contract.

In strict compliance with Republic Act No. 11032 also known as Ease of Doing Business and Efficient Government Service Delivery Act of 2018, a Tax Clearance Certificate for General Purposes (TCGP) specifically for *collection purposes* shall no longer be required from the contractor.

All revenue issuances and BIR Rulings inconsistent herewith are hereby amended, modified or revoked accordingly.

All internal revenue officials, employees and others concerned are hereby enjoined to give this circular as wide publicity as possible.



ROMEO D. LUMAGUI, JR.  
Commissioner of Internal Revenue

J-4

