

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

June 28, 2011

REVENUE MEMORANDUM ORDER NO. 37-2011

SUBJECT : Guidelines in the Processing of Tax Debit Memo (TDM) Applications

TO : All Internal Revenue Officials and Others Concerned

I. OBJECTIVES

This Order is issued to:

1. Prescribe uniform guidelines, policies, and procedures in the processing of applications for issuance of TDMs;
2. Promote prompt and efficient workflow in the processing of TDM applications, specially during tax deadlines;
3. Avoid inconvenience to taxpayers in the course of filing applications for TDMs; and
4. Define the duties and responsibilities of all the concerned offices involved in the processing of applications for TDM.

II. COVERAGE

This Order shall cover Tax Debit Memo (TDMs) applied against the following Tax Credit Certificates (TCCs):

1. TCCs issued solely by the Bureau of Internal Revenue (BIR);
2. TCCs jointly issued by the Department of Finance One Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (DOF-OSS) and the BIR; and
3. TCCs exclusively issued by the DOF-OSS as availment of incentives granted under the incentives laws administered by the Board of Investments (BOI).

III. DOCUMENTARY REQUIREMENTS FOR TDM APPLICATION

For purposes of this Order, the following are the documentary requirements for TDM application:

1. TCCs solely issued by the BIR

- 1.1. Duly Accomplished Application for TCC Utilization (BIR Form 1915)
- 1.2. Original copy/ies of the TCC/s to be utilized
- 1.3. Tax Returns (in triplicate copies) duly filled-up and signed by the taxpayer or its duly authorized representative upon which payment thru TDM will be applied
- 1.4. Secretary's Certificate or Board Resolution for the Accredited Tax Practitioner/Tax Agent, or Authorization letter of the employee duly authorized by the Company Official/Officer to follow up the status of the application for TCC utilization and to pick up the issued TDM and other related documents
- 1.5. Photocopy/ies of the Identification Card/s of both the company signatory and the authorized representative to pick-up the duly issued TDM and other related documents

2. TCCs jointly issued by the DOF-OSS and the BIR or by the DOF-OSS and the BOI

- 2.1 Duly Accomplished Application for TCC Utilization (BIR Form 1915)
- 2.2 Original copy/ies of the TCC/s to be utilized
- 2.3 Tax Returns (in triplicate copies) duly filled- up and signed by the taxpayer or its duly authorized representative upon which payment thru TDM will be applied
- 2.4 Department of Finance- Tax Debit Memo Issuance Authorization (DOF-TDMIA)
- 2.5 Secretary's Certificate or Board Resolution for the Accredited Tax Practitioner/Tax Agent and Authorization letter of the person/employee duly authorized by the Company Official/Officer to follow up the status of the application for TCC utilization and to pick up the issued TDM and other related documents
- 2.6 Photocopy/ies of the Identification Card/s of both the company signatory and the authorized representative to pick-up the duly issued TDM and any other related documents

IV. PLACE OF FILING OF APPLICATION

The applications for issuance of TDMs can be filed in the following TDM-issuing Offices:

1. Revenue District Office (RDOs) of Revenue Region (RR) No. 8, Makati – for their respective taxpayers;
2. Large Taxpayers District Offices (LTDOs) of Makati and Cebu – for their respective taxpayers;
3. Large Taxpayers Collection Enforcement Division (LTCED) – for their taxpayers under the jurisdiction of the Large Taxpayers Service (LTS) in the National Office; and
4. Collection Programs Division (CPD) – for all taxpayers under the jurisdiction of the RDOs and the Regional Offices outside of the three (3) offices mentioned above.

V. GUIDELINES AND POLICIES

1. The duly accomplished application for TCC Utilization (BIR Form 1915) shall be submitted together with the complete documentary requirements , at least two (2) weeks or ten (10) working days before the deadline for filing of the return/payment of the tax due for which payment thru TDM shall be applied. This is intended to provide the concerned office sufficient time to process the TDM, validate the authenticity of the TCC to be utilized, as well as the DOF-TDMIA issued by the DOF-OSS (if the TDM will be applied against the TCC issued by the DOF-OSS), and to verify the existence of outstanding tax liability/ies of the concerned taxpayer, if any.
2. All applications should be filed by the taxpayer or his duly authorized representative to the concerned BIR TDM Issuing Offices. In case the application for TDM is being filed by an authorized representative under Item III (1) (1.4) or Item III (2) (2.5) of this Order, he shall be required to present his/her identification card together with an authorization letter issued by the responsible Officer of the Company. Duly approved TDMs shall be released only to the same duly authorized representative.
3. For TDMs applied against TCCs solely issued by the BIR, the TCC data reflected in the Bureau of Internal Revenue- Tax Credits and Refund System (BIR- TCRS) may be used in lieu of the Certificate of TCC Authenticity. However, in case of discrepancy in TCC details, the processing office must secure a Certificate of Authenticity from the TCC- issuing office.
4. For TDMs applied against the TCCs jointly issued by the DOF-OSS and the BIR and the TCCs exclusively issued by DOF-OSS, the TCC data reflected in the BIR-TCRS and the TDMIA issued by the DOF, upon confirmation/verification using the Data Imaging for Verification and Authentication System (DIVAS) of the DOF, can be used in lieu of the Certificate of Authenticity. However, in case of discrepancy in the

TDMIA and/or TCC details, the processing office must secure an amended TDMIA and/or Certificate of Authenticity from the DOF-OSS Center, as the case may be.

In case the TDMIA and TCC cannot be verified through the DIVAS due to System's unavailability, a Certificate of Authenticity for the TDMs and TCCs issued shall be requested from the DOF-OSS.

5. In case the TCC was not yet converted/encoded in the BIR- Integrated Tax System-Tax Credits and Refund System (ITS- TCRS), the TDM processing office shall request the **TCC- issuing office to convert/encode first the TCC details** into the system prior to the issuance of a TDM.
6. The Certification on Delinquency Verification, Accounts Receivable Validation, TCC Authenticity and other related certifications requested should be given **priority** by the concerned issuing office. The requested certification/s must be issued within **two (2) days** after receipt of the request from the TDM-issuing office.
7. The TDM issued by the BIR is valid only for thirty (30) calendar days from the date of issuance. Any unused TDM shall be returned by the concerned taxpayer to the TDM-issuing office for cancellation within forty five (45) calendar days after such issuance. The taxpayer's failure to return the same within the said period shall be construed as waiver on **its/his/her** part to restore the amount reflected in the **current** unutilized TDM to the **previous** balance of the unutilized TCC, and such TDM shall be deemed to have been actually utilized.
8. TDM applications with incomplete requirements shall not be received by the TDM-issuing offices.

VI. PROCEDURES

1. LTCED, LTDO Makati, LTDO Cebu and All RDOs under Revenue Region No. 8, Makati City:

1.1. The TDM Processing Revenue Officers shall:

- 1.1.1. Receive from the taxpayer the duly- accomplished application form for TCC utilization, together with the complete documentary requirements.
- 1.1.2. Verify from the Integrated Tax System-Tax Credit & Refund System (ITS-TCRS) the existence of TCC being applied for utilization and its available balance.
- 1.1.3. Request the TCC- issuing office to convert/encode the TCCs in the ITS-TCRS, if the TCCs are not yet converted/encoded to the System.

- 1.1.4. Request for a Certificate of Authenticity of the TCC from the TCC-issuing office, in case of any discrepancy in the information reflected in the duly presented TCC and those indicated in the ITS-TCRS.
- 1.1.4 Verify the validity and authenticity of the TCC and the TDMIA thru DIVAS inquiry, for TCCs jointly issued by the DOF/BIR and the TCCs exclusively issued by the DOF-OSS.
- 1.1.5 Conduct delinquency verification for existence of Outstanding Tax Liability (OTL), based on the records of the Collection Enforcement Division (CED) and the concerned LTS/Regional offices.
- 1.1.6 In case of existence of an OTL, require the taxpayer to pay the said tax liability. In case the OTL of the taxpayer-applicant is under protest or applied for abatement/compromise, the taxpayer-applicant will be granted a TDM only if his/her total available TCC balance after deducting the amount of TDM issued is sufficient to pay the said OTL in case of denial of its protest or the disapproval of its application for abatement/compromise. However, if the liability has already been paid, require taxpayer to submit/present proof/s of payment and verify/validate from the Collection and Bank Reconciliation System (CBRS) Screen if the said payment has already been posted. In case the payment was not yet posted, inform taxpayer to coordinate with the RDO who has jurisdiction over the taxpayer and request for a Certification that said payment was duly received by the BIR. If there is no payment made, require taxpayer to pay the same. If the taxpayer refuses to pay the same, deny the application for TCC utilization and inform him/her that the said tax liability will be charged off against the existing balance of the TCC.
- 1.1.7 Encode the necessary TCC utilization details in the ITS-TCRS and generate/print the TDM.
- 1.1.8 Review the details of the system-generated TDM, affix initial thereon, and forward the same to the approving/signing officer/official for approval and signature at least **three (3) days** prior to the due date of filing of the tax return and payment of the tax due.
- 1.1.9 Receive the signed TDM from TDM approving office/officials.
- 1.1.10 Record the signed TDMs in the record book being maintained for the purpose.
- 1.1.11 Release the signed TDMs to taxpayer/authorized representative.

1.2 ACIR, Large Taxpayers Service/Chief, Large Taxpayers District Office Cebu and Makati/Revenue District Officer

- 1.2.1 Review, approve, and affix signature on the TDM.
- 1.2.1.1 Forward/Transmit the signed TDM to the processing officer for release to the taxpayer-applicant.

2. Office of Deputy Commissioner- Operations Group, Collection Service and Collection Programs Division (CPD);

2.1 The CPD/processing Office/Officials/Officers shall:

- 2.1.1 Receive from the taxpayer the duly accomplished application for TCC utilization together with the complete documentary requirements.
- 2.1.2 Verify from the Integrated Tax System-Tax Credit & Refund System (ITS-TCRS) the existence of TCC being applied for utilization and its available balance.
- 2.1.3 Request the TCC-issuing office to convert/encode TCCs in the ITS-TCRS, if the TCCs are not yet converted/encoded to the System.
- 2.1.4 Request Certificate of Authenticity of the TCC from the TCC-issuing office, in case of any discrepancy in the information reflected in the duly presented TCC and those indicated in the ITS-TCRS.
- 2.1.5 Verify the validity and authenticity of TCC and TDMIA thru DIVAS inquiry, for TCCs jointly issued by the DOF and the BIR and the TCCs exclusively issued by the DOF-OSS.
- 2.1.6 Prepare request for Delinquency Verification Certificate from the Collection Enforcement Division (CED) and the concerned LTS/regional offices to verify the existence of any OTL.
- 2.1.7 In case of existence of an OTL, require the taxpayer to pay the said tax liability. In case the OTL of the taxpayer-applicant is under protest or applied for abatement/compromise, the taxpayer-applicant will be granted a TDM only if his/her total available TCC balance after deducting the amount of TDM issued is sufficient to pay the said OTL in case of denial of its protest or the disapproval of its application for abatement/compromise. However, if the liability has already been paid, require taxpayer to submit/present proof/s of payment and verify/validate from the Collection and Bank Reconciliation System (CBRS) Screen if the said payment has already been posted. In case the payment was not yet posted, inform taxpayer to coordinate with

the RDO who has jurisdiction over the taxpayer and request for a Certification that said payment was duly received by the BIR. If there is no payment made, require taxpayer to pay the same. If the taxpayer refuses to pay the same, deny the application for TCC utilization and inform him/her that the said tax liability will be charged off against the existing balance of the TCC.

- 2.1.8 Encode the necessary TCC utilization details in the ITS-TCRS and generate/print the TDM.
- 2.1.9 Review the details of the system-generated TDM, affix initial thereon, and forward the same to the Collection Service (CS) four (4) days before the due date of filing of the tax return and payment of the tax due, for the review and initial of the Assistant Commissioner, CS/other concerned officials/officers.
- 2.1.10 Receive the signed TDM from TDM approving office/officials.
- 2.1.11 Record the signed TDM in the record book being maintained for the purpose.
- 2.1.12 Release the signed TDM to the taxpayer-applicant or his/her duly authorized representative.

2.2 The Collection Service Officials/Officers shall:

- 2.2.1 Review the system-generated TDM, and affix initial thereon.
- 2.2.2 Forward the system-generated TDM to the Office of Deputy Commissioner - Operations Group for final approval/signature two (2) days prior to the due date for filing of the tax return/payment of the tax due.
- 2.2.3 Affix signature on the TDM, in case the Deputy Commissioner-Operations Group is on leave or otherwise unable to sign due to meritorious reasons.

2.3 The Office of the Deputy Commissioner- Operations Group Officials/Officers shall:

- 2.3.1 Review, approve, and affix signature on the TDM.
- 2.3.2 Forward the approved and signed TDMs to the CPD for release to the taxpayer or his/her duly authorized representative.

VII. REPORTING REQUIREMENTS

The TDM- issuing Offices shall prepare and submit the following reports to the following concerned Offices:

| Required Reports | To be Submitted to | Due Date |
|--|--|--|
| 1. Monthly Report of Accountability for Accountable Form (BIR Form 2311-revised June 2006) | Accountable Forms Division Revenue Accounting Division Commission on Audit | On or before the 10 th day of the following month |
| 2. Monthly Report of Lost/ Damaged/Cancelled Accountable Forms | Accountable Forms Division | |
| 3. Monthly List of TDMs Issued | Revenue Accounting Division Commission on Audit | |
| 4. List of Fully Utilized TCCs together with the TDM docket and the quadruplicate copy of the TDMs | Revenue Accounting Division Records Division | Sixty (60) days from the date of issuance of the TDM |

In case no TDM has been issued during any given month, the abovementioned monthly reports shall nevertheless be prepared and submitted to the concerned Office (s) with a notation "No TDM Issued".

VIII. REPEALING CLAUSE

All revenue issuances or portions thereof which are inconsistent herewith are hereby repealed or modified accordingly.

IX. EFFECTIVITY

This Order shall take effect immediately.

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