REVENUE MEMORANDUM CIRCULAR NO. 82-2014 issued on December 2, 2014 publishes the full text of Joint Circular No. 002.2014 of the Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Customs (BOC) and Bureau of Internal Revenue (BIR), providing for the establishment of a mechanism for qualified VAT-registered persons to receive the cash equivalent of their outstanding VAT Tax Credit Certificates (TCCs).

The following VAT TCCs are qualified for monetization:

a. VAT TCCs for which the BIR has issued the corresponding Notices of Payment Schedule (NPS); and
b. VAT Drawback TCCs approved for monetization by the BOC.

The following VAT TCCs are qualified for cash conversion, notwithstanding the existing administrative regulations, guidelines or conditions prohibiting or restricting the cash conversion of VAT TCCs:

a. All other VAT TCCs outstanding as of December 31, 2012, which are not covered above; and
b. VAT TCCs issued after December 31, 2012.

Holders of NPS may present the same to the BIR for payment at any time on or before the maturity dates indicated thereon. Within forty-five (45) calendar days from the presentation of the NPS, the BIR shall directly pay the amount equivalent to the total face value of said NPS, net of any delinquent tax liability, to the account of the NPS holder, pursuant to the Modified Disbursement Payment System (MDPS) of the government.

i. For NPS presented on or before the 15th day of the month, the 45-day processing period shall commence on the first day of the immediately following month; and
ii. For NPS presented after the 15th of the month, the 45-day processing period shall commence on the 16th of the immediately following month.

Applications for cash conversion of import VAT TCCs and Drawback VAT TCCs shall be filed directly with the BOC. Applications for cash conversion of all other VAT TCCs shall be filed directly with the BIR. Said applications shall be deemed complete if accompanied by the following documents:

a. Letter of application;
b. Original TCC;
c. Proof of authority of representative: (i) secretary’s certificate on the board resolution designating the TCC holder’s authorized representative in case of corporations; and (ii) special power of attorney in the case of partnerships and sole proprietorships; and
d. For import VAT and VAT Drawback TCCs, a certification from the BOC Collection Service that the applicant has no tax and/or duty liabilities or a Statement of the Outstanding Account, as the case may be.

Applications shall be evaluated against the following criteria:

a. That the TCC was duly issued by the government;
b. That there is no tampering on the certificate;
c. That the requesting party is the rightful TCC owner;
d. That the TCC is not yet expired; and
e. That the TCC has remaining creditable/outstanding balance.

Any holder of a covered VAT TCC who fails or does not intend to avail of the provisions hereof shall retain the right to:

a. Credit his VAT TCCs against tax and/or duty liabilities in accordance with existing rules on TCC utilization; and
b. Apply, subject to conditions of law and pertinent rules and regulations, for VAT TCC revalidation under Section 230(B) of the National Internal Revenue Code (NIRC).
Upon the effectivity of Executive Order No. 68-A, the BIR and the BOC shall no longer issue VAT TCCs, unless applied for by the VAT taxpayer, pursuant to Section 112(A) of the NIRC or Section 106 (e) of the T CCP, in which case, taxpayers who apply for, and are issued, VAT TCC may apply for cash conversion.