REVENUE MEMORANDUM CIRCULAR NO. 45-2006 issued on July 21, 2006 publishes the full text of Department Order No. 20-06 issued by the Department of Finance (DOF) providing for measures to safeguard the integrity of the tax credit system being administered by the One Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (OSS-Center), Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) as issuing agencies.

A Special Revalidation Program, which refers to the retirement or recall and cancellation of all outstanding Tax Credit Certificates (TCCs) and their replacement with new TCCs, utilizing updated forms and containing enhanced security features, was ordered. The said Program shall cover all existing or outstanding TCCs as follows:

a. Those issued solely by the BIR pursuant to the National Internal Revenue Code (NIRC), as amended, special laws, international agreements and final judicial orders;
b. Those issued solely by the BOC under the Tariff and Customs Code of the Philippines, as amended, and in accordance with the final judicial orders;
c. Those issued solely by the OSS-Center under Executive Order (EO) No. 226, otherwise known as The Omnibus Investment Code of 1987, and other existing laws and issuances;
d. Those jointly issued by the OSS-Center and the BIR as stated under Section 112 of the NIRC, as amended; and
e. Those jointly issued by the OSS-Center and the BOC as stated in the Tariff and Customs Code of the Philippines, as amended.

The issuing agencies shall procure new and updated forms with enhanced security features, which shall be used exclusively for all TCCs issued by them beginning August 1, 2006. The new form shall clearly indicate the legal basis of the issuance, the recommending/processing/investigating office and the approving authority of the agency or bureau concerned.

Holders of outstanding TCCs from August 1 to December 31, 2006 shall be required to file their respective applications for revalidation with the concerned agency which issued said TCCs.

Effective August 1, 2006, all outstanding TCCs shall be deemed automatically retired, recalled or cancelled and shall no longer be accepted as payment for the outstanding tax/duty liability of their respective holder/s.

The BIR, BOC and OSS-Center shall prepare separate inventories of all unutilized TCC forms in their possession, custody and control, which shall be disposed of in accordance with pertinent laws, rules and regulations. In this regard, said issuing agencies shall prepare their separate reports on the inventory and disposition of unutilized TCC forms and submit the same to the Secretary of Finance not later than August 31, 2006.

The Issuing Agencies shall promulgate such specific orders or rules as may be appropriate and necessary to expedite the processing of applications for revalidation. The implementing issuances shall cover, among others, the relevant mechanics to govern the surrender of all unissued TCC forms in the custody of the officers and employees of the issuing agencies, and lay down the appropriate policies and procedures for the surrender and special revalidation of all outstanding TCCs in the hands of valid holders, whether unutilized or partially utilized, including outstanding TCCs submitted after the period of
revalidation. It shall likewise put in place measures to prevent the use of fake, tampered,
expired or recycled TCCs during the special revalidation period, and such other
limitations as may be appropriate to carry out the objectives of the Department Order.

The BIR, BOC and the OSS-Center shall each submit to the Secretary of Finance
their respective terminal reports on the revalidation program not later than January 31,
2007.

For monitoring purposes, the BIR and BOC shall also submit to the Secretary of
Finance, beginning August 2006, separate monthly reports on the issuance, utilization
and transfer of such TCCs as may have been issued by said agencies, among others.