REVENUE MEMORANDUM CIRCULAR NO. 21-2012 issued on May 3, 2012 circularizes the full text of Executive Order No. 68 entitled “Monetization Program of Outstanding Value-Added Tax (VAT) Tax Credit Certificates (TCCs)”.

A VAT TCC Monetization Program is adopted in order to give qualified VAT-registered taxpayers the cash equivalent of their outstanding TCCs under the following options:

a. Collect in advance from a trustee bank a discounted cash value of their TCCs; or
b. Collect the full cash value of the TCCs upon certain maturity date, to be determined by the Bureau of Internal Revenue (BIR) or the Bureau of Customs (BOC), as the case may be, pursuant to the implementing rules and regulations that will be issued to implement this Executive Order.

The VAT TCC Monetization Program shall cover outstanding VAT TCCs issued pursuant to Section 112 (A) of RA 8424, as amended, and outstanding VAT component of drawback TCCs issued pursuant to Section 106 (e) of the TCCP, as amended.

The VAT TCC Monetization Program will be spread over a five-year period from 2012 to 2016. The funding requirement for this purpose shall be included in the National Expenditure Program (NEP) for the said years.

The DOF shall direct the BIR and the BOC to verify the outstanding VAT TCCs and, subject to existing laws, rules and regulations, perform the following functions:

i. Provide the confirmation letter of the national government to acknowledge that the outstanding VAT TCCs constitute an obligation of the Republic of the Philippines.

ii. Favorably endorse to the national government agency concerned or to the Bangko Sentral ng Pilipinas (BSP), as the case may be, the application to secure the necessary financial features required in the issuance of investment certificates to improve the net proceeds of the beneficiaries.

iii. Make arrangements with trustee bank on the requirements for the opening of a special account; and

iv. Make available the facilities of the Bureau of Treasury (BTr), including, but not limited to, Registry of Scripless Securities, the Automated Debt Auction Processing System, and such other facilities as may be required for the auctioning process in the implementation of the VAT TCC Monetization Program.

The BIR or the BOC shall issue the Notice of Payment Schedule to VAT TCC holders upon verification of the outstanding VAT TCCs.

The DBM, DOF, BIR and BOC shall jointly issue the IRRs on the VAT TCC Monetization Program.

Beginning 2012, the BIR and the BOC shall no longer issue TCCs for VAT refund, unless applied for by the VAT taxpayer, pursuant to Section 112 (A) of RA 8424, as amended, and Section 106(e) of the TCCP, as amended.