

**[BIR REVENUE MEMORANDUM ORDER NO. 86-98,
November 10, 1998]**

**PAYMENT OF NATIONAL INTERNAL REVENUE TAXES IN THE
FORM OF TAX CREDIT CERTIFICATE (TCC), UNDER CERTAIN
CONDITIONS, PURSUANT TO SECTION 204 OF THE TAX CODE OF
1997**

SECTION 1. *Scope.* — This Order is issued to ensure a uniform compliance with the pertinent provisions of Section 204 of the Tax Code of 1997, as follows:

*"A Tax Credit Certificate validly issued under the provisions of this Code may be applied against any internal revenue tax, **excluding withholding taxes**, for which the taxpayer is directly liable. Any request for conversion into refund of unutilized tax credits may be allowed, subject to the provisions of Section 230 of this Code: Provided, That the original copy of the Tax Credit Certificate showing a creditable balance is surrendered to the appropriate revenue officer for verification and cancellation: Provided, further That in no case shall a tax refund be given resulting from availment of incentives granted pursuant to special laws for which no actual payment was made."*

SECTION 2. *Coverage.* — All concerned are hereby enjoined to strictly implement the above provisions of law, as follows:

1. *TCC issued prior to January 1, 1998.* — A TCC duly issued under the provisions of the National Internal Revenue Code prior to January 1, 1998 shall not be accepted in payment of the taxpayer's internal revenue tax liabilities, unless the same has been duly revalidated pursuant to the provisions of Section 230 of the said Code, as implemented by Revenue Regulations No. 7-98, dated July 9, 1998.
2. *TCC issued beginning January 1, 1998.* — A TCC duly issued under the provisions of the National Internal Revenue Code beginning January 1, 1998 may be used by its grantee in payment of his internal revenue taxes, except his withholding tax liability.
3. *Kinds of internal revenue taxes against which a TCC may be applied in payment; Exception.* — Subject to the provisions of the preceding paragraphs, any TCC duly issued by the Commissioner of Internal Revenue, or his duly authorized representative, under the provisions of the National Internal Revenue Code may be used by its grantee in payment of his internal revenue taxes, such as income taxes, estate and donor's taxes, value-added tax, percentage taxes, excise taxes and documentary stamp taxes, except his withholding tax liability.