

[**EXECUTIVE ORDER NO. 68, March 27, 2012**]

MONETIZATION PROGRAM OF OUTSTANDING VALUE-ADDED TAX (VAT) TAX CREDIT CERTIFICATES (TCCs)

WHEREAS, Section 112 (A) of Republic Act (RA) No. 8424, otherwise known as the Tax Reform Act of 1997, as amended, and Section 106 (e) of the Tariff and Customs Code of the Philippines (TCCP), as amended, provides for refund of tax credits;

WHEREAS, the VAT TCC monetization program is a mechanism to give qualified VAT-registered persons the cash equivalent of their outstanding VAT TCCs; and

WHEREAS, the implementation of the program promotes conducive business environment and raises the business credibility of the government both locally and globally.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines , by virtue of the powers vested in me by law, do hereby order:

SECTION 1. VAT TCC Monetization Program. A monetization program is hereby 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 a 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.

SECTION 2. Coverage. 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.

SECTION 3. Period of Implementation. 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.

SECTION 4. Duties and Responsibilities. The following departments and offices shall have the following duties and responsibilities:

- a. The Department of Budget and Management (DBM) shall ensure that the funding requirement for the monetization program of outstanding VAT TCCs is included in the NEP from 2012 to 2016 based on the request made by the Department of Finance (DOF). Once approved, the DBM shall release the amounts appropriated for this purpose in the General Appropriations Act (GAA) upon the request of DOF.
- b. 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