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**CIRCULAR NO. 05-2005**  
May 26, 2005

**TO: Heads of Departments, Bureaus, Offices and Agencies of the National Government; Government-Owned or Controlled Corporations (GOCCs), including State Universities and Colleges (SUCs); and Local Government Units (LGUs)**

**SUBJECT: “Low Level of Government Procurement” in accordance with Revenue Memorandum Circular No. 16-2005**

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**1.0 Purpose**

This circular is issued to advise government agencies on what constitutes “low level of government procurement” in relation to the exception provided under Revenue Memorandum No. 16-2005 (RMC 16-2005) issued by the Bureau of Internal Revenue (BIR) on the mandatory submission of Electronic Filing and Payment System (EFPS) generated tax returns in accordance with Executive Order No. 398 (E.O. 398) and Revenue Regulations No. 3-2005.

**2.0 Coverage**

All Departments, Bureaus, Offices and Agencies of the National Government; Government-Owned or Controlled Corporations (GOCCs), including State Universities and Colleges (SUCs); and Local Government Units (LGUs).

**3.0 Rules and Regulations**

3.1 In accordance with Sections 4.1 and 4.2 of RR 03-2005, effective April 1, 2005, all prospective bidders to any government procurement are mandated to file their income and business tax returns electronically using the EFPS, and effective May 1, 2005, only tax returns filed thru EFPS will be accepted as the required submission under Section 1, E.O. 398;

3.2 As an exception to the mandatory submission of the EFPS generated tax returns, RMC 16-2005 under Items Q7 and A7 provides that:

Q-7: *Are there no exceptions to Section 4.1 and 4.2 of RR3-2005 (mandatory filing and acceptable tax return submission respectively)?*

A-7: *Bidders for low levels of government procurement as for example, at a Barangay level may be exempted from 4.1 and 4.2 and continue to submit manually filed tax returns if approved by the Government Procurement Policy Board. (Emphasis supplied)*

3.3 For purposes of RCM 16-2005, “low level of government procurement” means any government procurement project with an Approved Budget for the Contract (ABC) of not more than Fifty Thousand Pesos (Php 50,000).

**4.0** For compliance.

(Sgd.)

**EMILIA T. BONCODIN**

Chairperson, Government Procurement Policy Board  
Secretary, Department of Budget and Management