

**NPM No. 09-2010**

9 March 2010

**MR. ROLANDO M. AQUINO**

*Colonel*

**OFFICE OF THE ACOFAS FOR LOGISTICS, A-4**

**PHILIPPINE AIR FORCE**

Colonel Jesus Villamor Air Base, Pasay City

**Re: Contract Delivery Extension**

Dear Sir:

In letter dated 29 September 2009, your good office submitted the following queries:

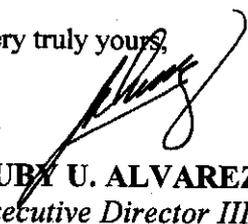
1. May the procuring entity grant several extensions in the delivery of goods upon determination that the grounds cited by the supplier are meritorious?
2. If yes, what is the maximum period for every extension?
3. When will the computation of liquidated damages commence if several extensions were granted?
4. What is the maximum amount of liquidated damages to be collected in case of default by the supplier based on repeated extensions granted?

The procuring entity may grant several extensions in the delivery period as long as these extensions are based on meritorious grounds. Based on the relevant provisions of the Generic Procurement Manual, each extension should not exceed the initial delivery period as stated in the original contract (Please see Volume 2, page 108). It bears stressing, however, that in every grant of extension, the procuring entity must validate the reasons cited by the supplier and determine that extension is based on meritorious grounds.

If several extensions were granted, the supplier becomes liable for liquidated damages once it incurs in delay from the last extension approved by the procuring entity. Further, under Section 68 of the Implementing Rules and Regulations of Republic Act No. 9184, once the cumulative amount of liquidated damages reaches ten percent (10%) of the contract amount, the procuring entity is mandated to rescind the contract.

We hope to have provided sufficient guidance on the matter. Should you have any question, please do not hesitate to contact us.

Very truly yours,



**RUBY U. ALVAREZ**  
*Executive Director III*