

NPM No. 67-2014

20 October 2014

MA. TERESA M. MARIANO

Chairperson, Bids and Awards Committee (BAC) -Goods

LUNGSOD NG QUEZON

7th Floor, Quezon City Hall Main Building, Eliptical Road,
Diliman, Quezon City.

**Re: Implementation and Application of BIR Revenue Memorandum Circular
No. 2-2014**

Dear Ms. Mariano:

This is in response to your letter dated 22 October 2014, seeking clarification on whether the submission of Official Receipt as one of the requirements for the statement identifying the bidder's Single Largest Completed Contract (SLCC), still stands considering the issuance of Revenue Memorandum Circular No. 2-2014 (Circular) by the Bureau of Internal Revenue (BIR).

As represented, you would like to be clarified whether Official Receipts are still required for the statement identifying the bidder's SLCC, in view of the clarification made by the Circular, to wit:

- (i) Sales Invoice shall be issued as *Principal* evidence in the sale of goods and/or properties; and
- (ii) Official Receipt shall be issued as *Principal* evidence in the sale of services and/or lease of properties.

Clause 12.1(a)(iii) of the Instructions to Bidders, Philippine Bidding Documents (PBDs) for the Procurement of Goods, as amended by GPPB Resolution No. 16-2014¹, provides that the bidder should submit, among others, a statement identifying the bidder's single largest completed contract (SLCC) similar to the contract to be bid. The statement shall include, for each contract, the following information: (1) name of the contract; (2) date of the contract; (3) kinds of Goods; (4) amount of contract and value of outstanding contracts; (5) date of delivery; and (6) end user's acceptance or official receipt(s) issued for the contract, if completed.

It is clear that for completed contracts, information on end-user's acceptance or Official Receipt(s) should be included in the statement identifying the bidder's SLCC, for purposes of determining the eligibility of bidders under RA 9184 and its revised Implementing Rules and Regulations (IRR), including the PBDs for Goods, notwithstanding the clarification made in the Circular emphasizing that the Sales Invoice shall serve in lieu of Official Receipt in the sale of goods or properties for evidentiary purposes in terms of audit.

¹ Dated 20 June 2014

Accordingly, we opine that for purposes of determining the technical eligibility of bidders, information on the end-user's acceptance or Official Receipt is still required to be included in the statement identifying the bidder's SLCC.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situation presented, and may not be applicable given a different set of facts and circumstances. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director V



dsd

02/06/15



Republika ng Pilipinas
Lungsod ng Quezon
BIDS AND AWARDS COMMITTEE - GOODS
7th floor Quezon City Hall Main Building, Elliptical Road, Diliman, Quezon City
Tel No. 988-42-42 loc 8709/8710



22 October 2014

ATTY. DENNIS S. SANTIAGO
EXECUTIVE DIRECTOR V
GOVERNMENT PROCUREMENT POLICY BOARD – TECHNICAL SUPPORT OFFICE
Unit 2506, Raffles Corporate Center,
F. Ortigas Jr. Road,
Ortigas Center

ATTENTION : ATTY. RIZALINA C. QUILIT
HEAD, LEGAL AND RESEARCH DIVISION

Dear Atty. Santiago;

Greetings!

This refers to the requirement of contract/Purchase Order/Sales Invoice and end-user's certificate of acceptance or official receipt(s) issued for the Single Largest Similar Completed Contract in the Philippine Bidding Documents in connection with the implementation and application of BIR Revenue Memorandum Circular No. 2-2014.

As required by the Government Procurement Policy Board in the Philippine Bidding Document, particularly Section 12.1(a)(iii.6) of the Instruction to Bidders:

x - x - x

Statement of all its ongoing and completed government and private contracts within the period stated in the BDS, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:

x - x - x

(iii.6) **end user's acceptance or official receipt(s) issued for the contract, if completed.**

On the other hand, the Bureau of Internal Revenue issued a Revenue Memorandum Circular No. 2-2014, clarifying the issuance of **Official Receipt as principal evidence in the sale of services and/or lease of properties only** and the issuance of **Sales Invoice as principal evidence in the sale of goods and/or properties only.** (Copy attached)

For this reason, we would like to formally inquire whether the submission of Official Receipt as a requirement in the Single Largest Similar Completed Contract still stands considering the issuance of Revenue Memorandum Circular No. 2-2014.

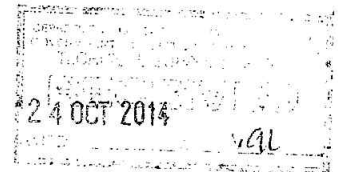
Hoping for your immediate attention on the matter.

Thank you.

QC BIDS AND AWARDS COMMITTEE – GOODS

By:

MA. TERESA M. MARIANO
Chairperson
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nek/Don.
Please prepare OPINION.
We have opinions on the matter already. *DR. OSI*

MISSION: to devote and dedicate manpower, competence, resources and strong leadership in teamwork and communication in ensuring efficiency and cost savings with transparency
VISION: a pool of norms providing for a streamlined procurement related services for Quezon City a more transparent, competitive, modern approach in project implementation.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

January 13, 2014

REVENUE MEMORANDUM CIRCULAR NO. 2-2014

SUBJECT : Clarification on the Issuance of Official Receipt as Required by Government Auditors as Evidence of Receipt of Payment for Disbursements Where the Payee/Recipient is a Dealer, Supplier or Any Business Establishment Required by the Bureau of Internal Revenue to Issue Such

TO : All Internal Revenue Officers, Commission on Audit (COA) Officers, Business Establishments, and Others Concerned

The Bureau has been receiving numerous queries regarding the requirement of Government Auditors on the issuance of *Official Receipt* as the acceptable evidence of receipt of payment for disbursements where the payee/recipient is a dealer, supplier or business establishment required by the BIR to issue the same in the **sale/lease of goods or properties**, and/or **sale of services**. That Sales Invoices are demanded as evidence of delivery, agreement to sell or transfer of goods and services, and Official Receipt as evidence of payment. In fine, both Sales Invoices and Official Receipts are required on one transaction by some government agencies.

Revenue Regulations No. 18-2012 and Revenue Memorandum Order (RMO) No. 12-2013 in relation to Sections 106, 108, 113 and other pertinent provisions of the National Internal Revenue Code (NIRC), as amended, mandate that:

1. **Sales Invoice (Cash or Charge)** shall be issued as *Principal evidence* in the *sale of goods and/or properties*;
2. **Official Receipt** shall be issued as *Principal evidence* in the *sale of services and/or lease of properties*; and
3. **Commercial Receipts/Invoices** such as delivery receipts, order slips, purchase orders, provisional receipts, acknowledgment receipts, collection receipts, credit/debit memo, job orders and other similar documents that form part of the accounting records of the taxpayer and/or issued to their customers evidencing delivery, agreement to sell or transfer of goods and services, shall be *Supplementary evidence* only.

In relation thereto, Section II (H) of RMO No. 12-2013 provides that:

"II. POLICIES

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H. The buyer of goods on account or credit evidenced by a Charge Sales Invoice shall be entitled to claim input taxes. Upon collection of the account by the seller, a Collection Receipt (Supplementary

Receipt) shall be issued to the client/buyer to evidence the receipt thereof;

“”

Based on the foregoing, the Sales Invoice shall serve in lieu of Official Receipt in the **sale of goods or properties** for evidentiary purposes in terms of audit.

In view thereof, this Circular is hereby issued to reiterate that the provisions set forth in RR No. 18-2012 and RMO No. 12-2013, in the issuance of Principal and/or Supplementary Receipts/Invoices in the ordinary course of business and the consequent examination of evidence of receipt of payment, **shall be strictly observed.**

All internal revenue officials and employees are hereby enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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