



Republic of the Philippines  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**TECHNICAL SUPPORT OFFICE**



**NPM No. 78-2015**

9 October 2015

**MS. ELISA B. ORENSE**  
*Supply Officer II*  
**DEPARTMENT OF EDUCATION - ALBAY**  
Daraga-Legazpi Diversion Rd  
Legazpi City, Albay

**Re: Tax Clearance**

Dear Ms. Orense:

We respond to your electronic mail dated 4 August 2015 inquiring on whether the submission of tax clearance is a mandatory requirement for Requests for Quotations (RFQs) with an Approved Budget for the Contract (ABC) below Five Hundred Thousand Pesos (PhP 500,000.00).

For purposes of determining the eligibility of bidders in competitive bidding, the Bids and Awards Committee shall require only the documents prescribed in Sections 23.1 and 24.1 of the revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184, where the Tax Clearance is included as part of Class "A" eligibility documents.

The requirement to submit the bidder's Tax Clearance is based on Executive Order (EO) No. 398<sup>1</sup>. Tax Clearance as defined under BIR Revenue Regulations (RR) No. 3-2005 refers to the clearance issued by the Accounts Receivable Monitoring Division (ARMD) attesting to the fact that the taxpayer has no outstanding Final Assessment Notice and/or delinquent account. Section 1 of EO 398 requires the submission of Tax Clearance issued by the BIR to prove full and timely payment of taxes of all persons desiring to enter into or participate in any contract with government.

However, as previously opined by this office, the revised IRR of RA 9184 is silent whether or not eligibility documents mentioned under Section 23.1 must be submitted when resorting to any of the alternative methods of procurement, except those where competitive bidding or a semblance thereof is still present, such as in Limited Source Bidding and Negotiated Procurement under Two Failed Biddings<sup>2</sup>.

Accordingly, in case of procurement undertaken through any of the alternative methods of procurement provided in Rule XVI of the IRR of RA 9184, except Limited Source Bidding and Negotiated Procurement under Two Failed Biddings wherein competitive

<sup>1</sup> Entitled "Directing Timely and Complete Payment of Taxes as a Precondition for Entering Into, and as a Continuing Obligation in Contracts with the Government, its Departments, Agencies and Instrumentalities" issued 12 January 2005.

<sup>2</sup> NPM No. 142-2012 dated 22 October 2012.

bidding or a semblance thereof exists, the procuring entity has the discretion which eligibility requirement it shall prescribe to ascertain that it is entering into a contract with a technically, legally and financially capable supplier, contractor or consultant. In addition, it bears stressing that the eligibility requirements to be prescribed by the procuring entity are not dependent on the value of the contract/project being procured.

All told, the Procuring Entity has the discretion to require the submission of the Tax Clearance as a requirement for procurement projects undertaken through any of the alternative methods of procurement, except in case of Limited Source Bidding and Negotiated Procurement under Two Failed Biddings.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this opinion is being issued on the basis of facts and particular situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,



**DENNIS S. SANTIAGO**  
*Executive Director V*

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