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NPM No. 31-2007

ENRIQUE C. LINSANGAN

Deputy Chief for Operations

BUREAU OF FIRE PROTECTION

Room 618, 145 Union Square Condominium
15th Avenue, Cubao, Quezon City

Re: Electronic Filing and Payment System

Dear Chief Supt. Linsangan:

We respond to your letter dated 09 August 2006 on whether the filing of income and business tax returns electronically using the Electronic Filing and Payment System (EFPS), pursuant to Executive Order No. 398 (E. O. 398) and Revenue Regulation No. 3-2005 (Rev. Reg. 3-2005), has already been adopted by the Government Procurement Policy Board (GPPB). You also wish to know if the EFPS is applicable for single proprietorship, corporation or partnership.

E. O. 398 provides that all persons, natural or juridical, local or foreign, desiring to enter into or participate in any contract with the Government shall, as a pre-condition, submit along with their proposal and/or bid, a copy of their tax clearance from the Bureau of Internal Revenue (BIR) as well as copies their latest income tax and business tax returns duly stamped and received by the BIR, and duly validated with tax payments made thereon.

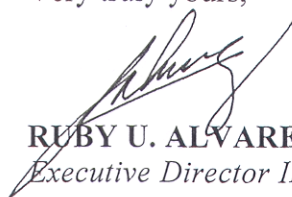
The BIR issued Rev. Reg. 3-2005 on 16 February 2005 to implement E. O. 398. Sections 4.1 and 4.2 of Rev. Reg. 3-2005 provides that effective 01 April 2005 all prospective participants to any Government procurement are mandated to file their income tax return, business tax returns, and other relevant information electronically using the EFPS, and that effective 01 May 2005, only tax returns filed through the EFPS will be accepted as the required submission under E. O. 398.

The foregoing issuances have been adopted by the GPPB in its Circular No. 02-2005 dated 28 April 2005. Said Circular provides that in addition to the Class "A" Legal Documents required under the eligibility requirement in Sections 23.6 and 24.7 of the Implementing Rules and Regulations-Part A (IRR-A) of Republic Act No. 9184 (R.A. 9184), prospective bidders are obliged to submit tax returns and tax clearances in compliance with the provisions of E. O. 398 as implemented by Rev. Reg. 3-2005.

Based on the wording of E. O. 398 and Rev. Reg. 3-2005, the filing of income tax and business tax returns through the EFPS is mandatory and applicable to all corporations, partnerships, or single proprietorships.

We trust to have clarified the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



RUBY U. ALVAREZ
Executive Director III