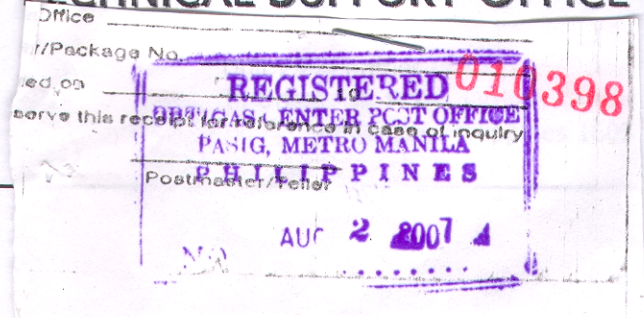




TECHNICAL SUPPORT OFFICE



NPM No. 32-2007

30 July 2007

MR. ROLANDO G. PEREZ
FIRE CONTROL INDUSTRIAL CORPORATION
554-C EDSA, Balintawak,
Caloocan City 1400

Re: Electronic Filing and Payment System

Dear Mr. Perez:

We respond to your letter dated 22 August 2006 appealing for the exclusion of the latest tax returns electronically filed with the Bureau of Internal Revenue (BIR) as one of the legal documents to be required from a bidder due to the following reasons: (i) it is discriminatory as well as giving undue advantage to a few firms which have filed their tax returns electronically; and (ii) the policy on the electronic filing of tax returns as prescribed by the BIR is not mandatory to all business firms nationwide but only to large corporations.

Executive Order No. 398 issued on 12 January 2005 (E. O. 398) mandates that all persons, natural or juridical, local or foreign, as a pre-condition to entering into contracts with the Government, shall submit along with their proposal and/or bids, copies of their latest income tax and business tax returns, which have been accordingly stamped and received by the Bureau of Internal Revenue (BIR), and duly validated with tax payments made thereon. In addition, a tax clearance must also be presented as a certification that the prospective bidder has no outstanding Final Assessment Notice and/or delinquent account.

The BIR issued Revenue Regulation No. 3-2005 on 16 February 2005 (RR 3-2005) mandating that, effective 1 April 2005, all prospective participants to any Government procurement are to file their income tax return, business tax returns, and other relevant information electronically using the Electronic Filing and Payment System (EFPS), and that effective 1 May 2005, only tax returns filed through the EFPS will be accepted as the required submission under E. O. 398.

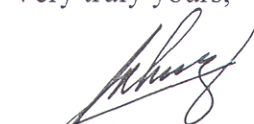
Pursuant to the foregoing issuance, the Government Procurement Policy Board issued Circular No. 02-2005 dated 28 April 2005 which provides that, in addition to the Class "A" Legal Documents required under the eligibility requirement in Sections 23.6 and 24.7 of the Implementing Rules and Regulations-Part A of Republic Act No. 9184,

prospective bidders are obliged to submit tax returns and tax clearances in compliance with the provisions of E. O. 398 as implemented by RR 3-2005.

Considering that filing of tax returns through the EFPS is mandatory to all prospective bidders, regardless of whether said bidders are corporations, partnerships, or single proprietorships, local or foreign, then the same cannot be said to be discriminatory. In addition, the objective of using the EFPS is to provide a simple and convenient way by which tax compliant applicants can obtain the required documents and comply with the submission requirements of E. O. 398.

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