

NPM No. 045-2017

20 December 2017

MR. EDISON C. GASCON
DEPARTMENT OF TRADE AND INDUSTRY – REGION X
Trade & Industry Building
361 Senator Gil J. Puyat Avenue
Makati City, Metro Manila

Re: Tax Clearance for Small Value Procurement -

Dear Mr. Gascon:

This refers to your electronic mail seeking clarification on whether the Tax Clearance is a compulsory requirement for Negotiated Procurement - Small Value under Section 53.9 of the 2016 revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, the Government Procurement Reform Act.

Appendix A of the Consolidated Guidelines for the Alternative Methods of Procurement or Annex “H” of the 2016 IRR of RA 9184 enumerates the mandatory documents to be submitted by the suppliers, manufacturers, distributors, contractors, and consultants.

Under Appendix A, Annex “H” of the 2016 IRR of RA 9184, the following are the documentary requirements prescribed for Negotiated Procurement under the Small Value Procurement modality per Section 53.9, thus: (1) Mayor’s/Business Permit; (2) Philippine Government Electronic Procurement System (PhilGEPS) Registration Number; (3) Income/Business Tax Return; and (4) Omnibus Sworn Statement, in addition to (a) Professional License/Curriculum Vitae for the procurement of consulting services; or (b) Philippine Contractors Accreditation Board (PCAB) License for the procurement of infrastructure projects, as the case may be. We wish to stress that the Bids and Awards Committee (BAC) shall indicate in the Request for Quotation or Request for Proposal at what stage of the procurement process the said requirements must be submitted, that is, at the time of the submission of quotation or proposal or prior to the execution of the contract.

Accordingly, regardless of the amount involved, the aforementioned documentary requirements are mandatory when resorting to Negotiated Procurement under the Small Value Procurement modality pursuant to Appendix A, Annex “H” of the 2016 IRR.

Please also note that the GPPB recently approved amendments¹ (effective 5 December 2017) to the documentary requirements for Negotiated Procurement under the

¹ GPPB Resolution No. 21-2017 entitled “*Approving the Amendment to the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184*”, dated 30 May 2017, published on 20 November 2017 and took effect 5 December 2017.

Small Value Procurement modality per Appendix A, Annex "H" of the 2016 Revised IRR. Thus, Income or Business Tax Returns shall be required for procurement projects with Approved Budget for the Contract (ABC) above PhP 500,000.00 and the Omnibus Sworn Statement shall be required only for procurement projects with ABC above PhP 50,000.00.

From the abovementioned, from 28 October 2017 up until 4 December 2017, the Omnibus Sworn Statement shall be required for Negotiated Procurement under the Small Value Procurement modality regardless of amount of the ABC. From 5 December 2017 onwards, Omnibus Sworn Statement shall be required only for procurement projects with ABC above PhP50,000.00. It is worthy to note, however, that the submission of a Tax Clearance is not required for procurement undertaken through Negotiated Procurement under the Small Value Procurement modality.

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.

(sgd.)

DENNIS S. SANTIAGO
Executive Director V

MRM
/trd5