Republic of the Philippines
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 23-2015

7 October 2015

[redacted]

Re: Requiring Tax Clearance when Resorting to Alternative Methods of Procurement

Dear [redacted]

We respond to your letter seeking clarification on the necessity of requiring Tax Clearance as eligibility document in any of the alternative methods of procurement, particularly for Small Value Procurement and Shopping.

We wish to clarify that the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 is silent whether the eligibility documents for competitive bidding required under Section 23.1 must be submitted when resorting to any of the Alternative Methods of procurement, except those where a semblance of competitive bidding is still present. Thus, the Procuring Entity (PE) has the discretion to require the submission of the legal, technical and financial eligibility documents or not. It must be emphasized, however, that the use of alternative methods of procurement is couched upon the principles of efficiency and economy, such that requiring too many eligibility documents may, in the process, defeat the very purpose for which the relevant alternative procurement modalities were introduced and institutionalized. Hence, it is our considered view that only a few, but the most relevant, eligibility documents may be required for submission at the initial stage of the procurement activity.

For Small Value Procurement and Shopping, the PE has the prerogative to require the submission of the eligibility documents based upon their determination as to what eligibility documents are necessary for the particular procurement. Thus, "[t]he procuring entity must validate whether it is entering into a contract with a technically, legally and financially capable supplier, contractor or consultant by requiring the submission of relevant documents or through any other means."[1] It bears stressing that it is prudent to require the submission of these eligibility documents at the outset through the Request for Quotation prior to sending them out to suppliers so they will be apprised of the requirements and to submit these documents at the time of the submission of their proposals.

Accordingly, the Procuring Entity has the discretion to require the submission of the legal, technical and financial eligibility documents or not. However, it is incumbent upon the

[1] Section 3(j), Guidelines for Shopping and Small Value Procurement, dated 23 November 2009.

Procuring Entity to validate whether it is entering into a contract with a technically, legally and financially capable supplier, contractor or consultant by requiring the submission of only a few, but the most relevant, eligibility documents at the initial stage of the procurement activity so as not to defeat the principles of Alternative Methods of Procurement, which is couched upon economy and efficiency.

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

(sgd.)

DENNIS S. SANTIAGO
Executive Director V

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