CLARIFYING CERTAIN REQUIREMENTS ON THE PROCESSING OF APPLICATIONS FOR CASH CONVERSION OF TAX CREDIT CERTIFICATES

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I. BACKGROUND

It has come to the attention of this Office that issues are being encountered by several Offices of this Bureau on the appropriate treatment of applications for cash conversion of Tax Credit Certificates (TCCs) whose dates of expiration are falling during the pendency of the applications and the same are still in the possession of the concerned revenue Office. As a result thereof, the processing of such applications for TCC cash conversion is being withheld by the concerned processing Office to the disadvantage of the affected taxpayers, and these instances are resulting to the adverse public image of this Bureau.

II. CLARIFICATIONS

All applications for cash conversion of TCCs which have been filed with the concerned revenue Office that issued the said TCC before the expiration of the validity period, as indicated on the face of the TCC, shall no longer be required to be revalidated for purposes of continuance of the processing of applications for TCC cash conversion.

The provisions of Section 5 b) of Revenue Regulations No. 5-2000 dated July 19, 2000 is clear that:

> "Any request for conversion into cash refund of unutilized tax credits may be allowed during the validity period of any TCC. xxx" (underscoring ours).

On the other hand, the provisions of Section 5 c) and d) of the same regulations governing revalidation only apply to any TCC whose validity period is about to expire and the same needs to be revalidated by reason that the holder of the TCC has to apply the unutilized portion thereof on its/his/her tax liabilities, subject to the prescribed exception where the TCC has already been previously revalidated.

Accordingly, the processing of all applications for TCC cash conversion filed before the expiration of the validity period of the TCC with the TCC-issuing Office and remained pending with and withheld by the concerned processing revenue Office as of the date of expiration thereof by reason of the above issue shall proceed accordingly, whether for verification, approval or for payment, without the need for revalidation of the covered TCC.

All revenue officers and employees are hereby enjoined to give this Circular as wide a publicity as possible.

This Circular shall take effect immediately.

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