

REVENUE REGULATIONS NO. 5-2000 issued August 15, 2000 prescribes the regulations governing the manner of the issuance of Tax Credit Certificates (TCCs) and the conditions for their use, revalidation and transfer. A TCC may be used by the grantee or his assignee in the payment of his direct internal revenue tax liability. However, in no case shall the TCC be used in the payment of the following: 1) payment or remittance for any kind of withholding tax; 2) payment arising from the availment of tax amnesty declared under a legislative enactment; 3) payment of deposits on withdrawal of exciseable articles; 4) payment of taxes not administered or collected by the Bureau of Internal Revenue; and 5) payment of compromise penalty. Moreover, in no case shall a tax refund or TCC be given resulting from availment of incentives granted pursuant to special laws for which no actual tax payment was made.

BIR-issued TCCs may be transferred in favor of an assignee subject only to the following conditions: 1) the transfer of a valid TCC must be with prior approval of the Commissioner or his duly authorized representative; 2) the transfer should be limited to one transfer only; and 3) the transferee shall use the TCC assigned to him strictly in payment of his direct internal revenue tax liability and in no case shall the same be available for conversion to cash in his hands. Any TCC issued which remains unutilized after five (5) years from the date of issue shall, unless revalidated before the end of the fifth year, be considered invalid. This means that the TCC shall not be allowed for use in payment of any of the taxpayer's internal revenue tax liability nor allowed to be transferred and the unutilized amount thereof shall revert to the General Fund of the National Government. The revalidated TCC shall be valid for a period of five years from the date of issue. Any request for conversion into cash refund of unutilized tax credits may be allowed during the validity period of the TCC, subject to conditions specified in the Revenue Regulations. Any TCC issued prior to January 1, 1998, may be submitted for revalidation by the holder within six (6) months prior to the end of the fifth (5th) year. No revalidated TCC shall be issued unless the Commissioner's duly authorized representative has certified that the applicant taxpayer has no outstanding tax liability. If the holder has any outstanding tax liability, said liability should be applied first against the TCC sought to be revalidated through the issuance of a Tax Debit Memo.