



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

March 7, 2019

REVENUE MEMORANDUM CIRCULAR NO. 35-2019

**SUBJECT : Reiterating the Definition of Accounts Receivable /Delinquent
Accounts for Purposes of Issuance of Delinquency Verification
Certificates and Tax Clearance for Certain/Specific Purpose**

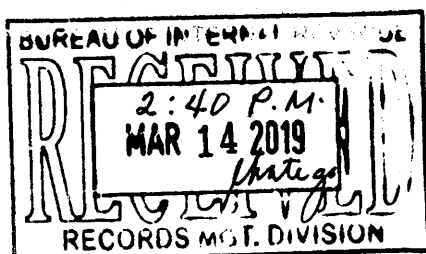
To : All Internal Revenue Officials and Others Concerned

In the issuance of Delinquency Verification Certificate (DVC) or Tax Clearance, the processing office needs to verify if the applicant has no record of outstanding tax liabilities, and in case there is, such concerned office issues a DVC stating the outstanding tax liabilities of the subject person or the non-issuance of Tax Clearance, in case the latter documents is being secured. Some processing offices, however, mistakenly consider some record of tax liabilities which are not yet considered final and executory, such as those which are still protested, those which are only subjects of preliminary notices, or those which are only mere computations by certain Revenue Officers, etc., thereby resulting to difficulties for taxpayers to continuously do business. To be in harmony with the objective of the "Ease of Doing Business Law" and to provide for the uniformity in the understanding of outstanding tax liabilities or what is labeled as Accounts Receivable/ Delinquent Accounts (AR/DAs) by all processing offices, this Circular is issued to reiterate its definition in relation to the issuance of DVC and Tax Clearance as provided in Revenue Memorandum Order (RMO) No. 11-2014.

Based on the definition of RMO No. 11-2014, "open stop-filer cases" and deficiency tax assessments which are timely protested, subject of reconsideration/re-investigation, or pending appeal with the Appellate Division or Court of Tax Appeals/Supreme Court shall not be considered as AR/DA and therefore existence of which shall not be a ground for the non-issuance of a clear DVC or Tax Clearance, as the case may be.

For purposes of issuing DVC and Tax Clearance, the existence of the outstanding AR/DAs shall generally be verified through the utilization of the Accounts Receivable Management System (ARMS). However, in the event the concerned taxpayer has record of AR/DA in the manually-maintained Inventory List of AR/DAs under the respective jurisdiction of the DVC/Tax Clearance-issuing offices, such AR/DA must first be added or created in the ARMS before denying the application for tax clearance or before issuing DVC reflecting the said AR/DA. Provided further that the physical docket where such record of added/created AR/DA emanated must be with the concerned Office to ensure that only enforceable AR/DA is added in the ARMS database, otherwise it shall not likewise hinder the issuance of a clear DVC or Tax Clearance.

All internal revenue officials, employees and other concerned are hereby enjoined to give this Circular as wide publicity as possible.



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Commissioner of Internal Revenue

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