



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

097-13 DPWH (P)
3-8-93

February 26, 1993

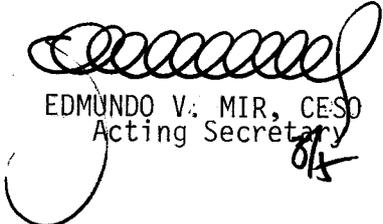
DEPARTMENT ORDER

NO. 34 m
Series of 1993 3/8

**SUBJECT: APPLICATION FOR CONTRACTOR'S FINAL
PAYMENT RELEASE CERTIFICATE (BIR FORM NO.
2555) AS A REQUISITE BEFORE FINAL PAYMENT
OF WORK ACCOMPLISHED AND FINAL PAYMENT OF
PRICE ESCALATION/ADJUSTMENT**

In accordance with the Memorandum of Agreement (copy attached) entered into between the Department of Finance and the Department of Public Works and Highways dated July 13, 1992 which provides "3. The DPWH shall require the presentation of a Tax Clearance from the BIR before final payment may be released to a contractor.", effective immediately, the presentation of a properly accomplished Application for Contractor's Final Payment Release Certificate (BIR Form No. 2555) duly stamped by receiving BIR Office concerned shall be required by this Department before final payment of work accomplished on all civil works contracts and final payment of price escalation thereof shall be made.

For this purpose, all concerned officials and employees of the Department are directed to require the contractor's copy of the said Application for Contractor's Final Payment Release Certificate as part of the supporting documents of the Disbursement Voucher before final payment of civil works contract and final payment of price escalation/adjustment thereof shall be made.


EDMUNDO V. MIR, CESO I
Acting Secretary

APPLICATION FOR CONTRACTOR'S FINAL PAYMENT RELEASE CERTIFICATE

READ INSTRUCTIONS AT THE BACK OF THIS FORM BEFORE ACCOMPLISHING

Name of Taxpayer		Taxpayer Identification Number
Address		Trade Name
Place of Registration (RDO)	Date of Start of Operation	Date of VAT/Non-VAT Registration

I. PROJECT APPLIED FOR RELEASE OF FINAL PAYMENT

Project Name	Date Awarded
Project Location	Date Terminated
Total contract price	P _____
Less: Total Amount Previously Collected	P _____
Add: Total taxes withheld on amount previously collected	_____
Collectible Final Payment	P _____

STAMP OF RECEIVING OFFICE AND DATE OF RECEIPT



SIGNATURE OF PRES. / TREASURER / MANAGER

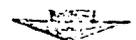
DATE OF APPLICATION

II. CERTIFICATION

(FOR BIR USE ONLY)

THIS CERTIFICATION IS ISSUED AS A REQUISITE BEFORE THE FINAL PAYMENT MAY BE RELEASED PURSUANT TO JOINT MEMORANDUM OF AGREEMENT BETWEEN THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND THE DEPARTMENT OF FINANCE DATED JULY 13, 1992, AS IMPLEMENTED BY REVENUE MEMORANDUM ORDER NO. 39-92 DATED September 9, 1992. THIS DOES NOT RELIEVE THE SUBJECT TAXPAYER FROM ANY TAX LIABILITIES THAT MAY BE FOUND LATER ON.

STAMP OF RECEIVING OFFICE AND DATE OF RECEIPT



CHIEF, VAT DIVISION / REV. DIST. OFFICER

DATE OF CERTIFICATION

YEAR	RDO NO.	CERTIFICATE NO.

RECEIVED BY:

DATE RECEIVED:

APPROVED FOR PRINTING

VICTOR M. ...
DEPT. OF ...

GUIDELINES AND INSTRUCTIONS

WHO SHALL FILE

All contractors who are going to claim for final payments for each contract) are required to file an Application for Contractor's Final Payment Release Certificate.

The application forms are available at VAT Division, Revenue District Offices and all DPWH Offices.

WHERE AND HOW TO FILE

Contractors whose principal place of business falls within the jurisdiction of Revenue District Office Nos. 21-Valenzuela; 22-Tondo; 23-Binondo-Sta.Cruz; 24-Quiapo; 25-South Manila; 28-Malabon; 29-Calocan; 30-North Quezon City; 30 A-South Quezon City; 31-Mandaluyong; 32-West Makati; 32A-East Makati; 33-Pasay; 34-Parañaque; 35-Pasig; and 35A-Marikina, shall file their application in duplicate at Room 214 A, VAT Division, BIR National Office Bldg., Diliman, Quezon City (Original-Contractor and Duplicate-VAT Division).

Contractors whose principal place of business is located outside Metro Manila shall file their application in triplicate at their respective district offices (Original - Contractor; Duplicate-VAT Division and Triplicate - Revenue District Office).

WHEN AND HOW TO FILE

File the application thirty (30) days before the claim for final payment for each contract. In filing, attach the following documents that would support total previous DPWH payments.

1. DPWH vouchers
2. Copies of the checks
3. Other documents

DEFINITION OF TERMS

1. DATE TERMINATED- Original contract expiration date or the contract expiration date.
2. TOTAL CONTRACT PRICE - The price appearing in the contract of works including any escalation/adjustment of price.
3. TOTAL AMOUNT PREVIOUSLY COLLECTED - Total gross billings since the start of the project but excluding the gross billings for the final payment due. The amount shall include any deductions made by the DPWH.
4. TOTAL TAXES WITHELD ON AMOUNT PREVIOUSLY COLLECTED - The total 1% expanded withholding tax on VAT and Non-VAT taxpayer and the 2% other percentage tax on Non-VAT contract only.
5. COLLECTIBLE FINAL PAYMENT - Gross final billing which is the subject of this application for contractor's final payment release certificate.

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement, made and executed by and between:

The Department of Public Works and Highways, represented in this Agreement by the Secretary of Public Works and Highways, **JOSE P. DE JESUS**, with principal office at Bonifacio Drive, Port Area, Manila

and

The Department of Finance, represented in this Agreement by the Secretary of Finance, **RAMON R. DEL ROSARIO, JR.**, with principal office at the DOF Building, Teodoro F. Valencia Circle, Rizal Park, Manila,

WITNESSETH:

WHEREAS, under the provisions of the National Internal Revenue Code (NIRC), as amended, contractors are subject to value-added tax (VAT) on their gross receipts and to income tax on their net earnings.

WHEREAS, in the course of selective audit of some contractors engaged by the government to construct infrastructures and other projects, the Bureau of Internal Revenue (BIR) has noted that many contractors fail to report correctly for VAT and income tax purposes the contract price paid to them.

WHEREAS, by the time underdeclaration of sales and/or receipts are discovered by the BIR through investigation, the contractors are no longer in a position to pay the corresponding deficiency in internal revenue taxes.

NOW, Therefore, in order to minimize if not to prevent delinquency in payment of internal revenue taxes due from contractors engaged by the government, the determination and collections of which entail additional cost and difficult administrative and/or judicial procedures, the Department of Public Works and Highways (DPWH), represented by Secretary Jose P. de Jesus and the Department of Finance (DOF), represented by Secretary Ramon R. del Rosario, Jr., have mutually agreed to coordinate their efforts to ensure the prompt assessment and collection of internal revenue taxes due from contractors engaged by the government to construct infrastructures and other projects, by adopting the following procedures:

1. The DPWH shall continue to ensure the withholding of 1% creditable income tax pursuant to Presidential Decree No. 1351 and Section 50 (b) in relation to Section 245 of the NIRC on all payments of money or its equivalent representing the contract price, compensation or service fee, including the amounts charged for materials

supplied, mobilization fee, deposits and/or advance payments actually or constructively paid to contractors engaged by the government to undertake infrastructures and other projects.

2. The DPWH shall continue to deduct and withhold 1% creditable income tax and the 2% percentage tax pursuant to the provisions of Section 245 of the NIRC in relation to Section 3 of Republic Act No. 1015, as amended, on payments to non-VAT contractors whose gross annual sales or receipts do not exceed P200,000.00.

3. The DPWH shall require the presentation of a Tax Clearance from the BIR before the final payment may be released to a contractor.

4. The DPWH, thru its Infrastructure Computer Center, shall furnish the BIR with the names of contractors, nature and location of projects awarded, contract prices, billings and payments made in computer diskettes which shall be forwarded to the BIR on or before the 20th day of each month following the date of transaction. The BIR shall provide the blank diskettes for this purpose.

5. The BIR shall develop a computer system whereby internal revenue tax liabilities of contractors can be determined promptly by comparing the data provided by the DPWH versus the respective tax returns filed.

6. The DPWH and the BIR shall form a Committee to oversee and formulate rules and procedures for the proper and continuous implementation of the provisions of this Agreement.

Done in the City of _____, Philippines, this JUL 13 1992
of _____, 1992. day


JOSE P. DE JESUS

Secretary

Department of Public Works
and Highways


RAMON R. DEL ROSARIO, JR.

Secretary

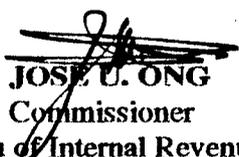
Department of Finance

SIGNED IN THE PRESENCE OF:


GREGORIO S. ALVAREZ

Undersecretary

Department of Public Works
and Highways


JOSE U. ONG

Commissioner

Bureau of Internal Revenue

REPUBLIC OF THE PHILIPPINES)
MANILA) S. S.

Before me, this JUL 13 day of 1992, 1992, personally
appeared:

Name	Community Tax Cert. No.	Place & Date Issued
RAMON R. DEL ROSARIO Secretary of Finance	<u>1536133</u>	<u>Makati - Feb. 26, 1992</u>
JOSE P. DE JESUS Sec. of Public Works and Highways	<u>9686</u>	<u>Manila - March 9, 1992</u>

known to me and to me known to be the same persons who executed foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed, as well as the free and voluntary act and deed of the principals they represent. This instrument, which consists of four (4) pages, refers to a Memorandum of Agreement, and signed by the parties and two (2) witnesses on each and every page thereof.

IN TESTIMONY WHEREOF, I have set my hand and affixed by notarial seal at the place and on the date first above written.

DOC. NO. 965
PAGE NO. 158
BOOK NO. 1
SERIES OF 19 92


MANUEL B. MINA
Notary Public
Until December 31, 1993
Until December 31, 1993
1-2-92 Q.C.