



MEMORANDUM CIRCULAR NO. 110  
Series of 2025

**TO :** SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS, THE REGIONAL/DEPARTMENT/PROJECT MANAGERS, DIVISION MANAGERS AND ALL OTHERS CONCERNED

**SUBJECT :** BIR TAX CLEARANCE CERTIFICATE FOR FINAL SETTLEMENT OF GOVERNMENT CONTRACTS AS ADDITIONAL DOCUMENTARY REQUIREMENT TO THE FINAL SETTLEMENT OF ALL CONTRACTS RELATED TO THE SUPPLY OF GOODS OR SERVICES, INCLUDING INFRASTRUCTURE PROJECTS

**I. BACKGROUND**

Pursuant to the National Internal Revenue Code (NIRC) of 1997, as amended, and taking into account the thrust and objective of Executive Order (EO) No. 398, series of 2005 dated July 12, 2005, the National Irrigation Administration adopts the enclosed Bureau of Internal Revenue (BIR) Revenue Regulation No. 017-2024 dated September 17, 2024, with the subject: **"PRESCRIBING THE TAX CLEARANCE PRIOR TO FINAL SETTLEMENT OF GOVERNMENT CONTRACTS"** and Revenue Memorandum Order No. 2-2025 regarding the **POLICIES, GUIDELINES AND PROCEDURES IN THE PROCESSING AND ISSUANCE OF TAX CLEARANCE CERTIFICATE FOR FINAL SETTLEMENT OF GOVERNMENT CONTRACTS (TCFG)**.

In retrospect, Sections 1 and 3 of E.O No. 398, s. 2005 and in compliance with Section 23.1. a) iii) of the 2016 Implementing Rules and Regulations of RA No. 9184 or the "The Government Procurement Reform Act", **provides that only the tax clearance from the Bureau of Internal Revenue shall be required to prove full and timely payment of taxes** especially of those contractors transacting with the government, to wit:

Sections 1 and 3 of E.O No. 398

*Sec. 1. All persons natural or juridical, local or foreign, desiring to enter into or participate in any contract with the government, its department, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units, shall, as a pre-condition, submit, along with their proposal and/or bid a copy of their latest income and business tax returns duly stamped and received by the Bureau of Internal Revenue and duly validated with the tax payments made thereon."*



***They shall also submit tax clearance from the Bureau of Internal Revenue to prove full and timely payment of taxes."***

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***Sec. 3. To ensure continuing compliance with tax laws, all government contracts shall include a stipulation that the private contracting party shall pay taxes in full and on time and that failure to do so will entitle the government to suspend payment for any goods or service delivered by the private contracting party.***

***All government contracts shall likewise include a stipulation requiring the private contracting party to regularly present, within the duration of the contract, a tax clearance from the Bureau of Internal Revenue as well as a copy of the its income and business tax returns duly validated with the tax payments made thereon."***

Further, the Philippine Bureau of Internal Revenue (BIR) on 6 January 2025 published Revenue Memorandum Order No. 002-2025 (RMO No. 2-2025) setting out the policies, guidelines, and procedures for the issuance of a tax clearance certificate for final settlement of government contracts (TCFG), required to be presented by a contractor to the relevant government department prior to the final settlement of payments.

Ergo, submission of BIR tax clearance is not only required to be submitted by the contractor during the procurement process as an eligibility requirement but shall also be presented prior to final settlement of government contract.

## **II. COVERAGE**

- 1. Government contracts for any procurement done through public bidding process pursuant to RA No. 9184 otherwise known as the "Government Procurement Reform Act," as amended by RA No. 12009 shall be covered by the TCFG;**
- 2. Government contracts for the procurement of goods, consulting services, and infrastructure projects done through public bidding pursuant to the scope and application as defined under RA No. 9184; and**
- 3. The tax types covered shall be value-added tax (VAT), percentage and creditable withholding income tax.**

### III. DEFINITION OF TERMS

**"Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)"** — refers to the certificate to be secured by the contractor who have existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units which will be presented prior to the final settlement of the government contracts to ensure complete and timely payment and remittance of taxes.

### IV. GENERAL PROVISIONS

A. All offices are hereby instructed to **require contractors to submit an updated TCFG (Annex A and A1 of Revenue Memorandum Order No. 002-2025) as an additional mandatory requirement prior to the final settlement of all contracts related to the supply of goods or services, including infrastructure projects**, certifying that they have no outstanding tax liabilities and that they have duly filed the latest income and business tax returns and paid the corresponding taxes thereon.

B. The issuance of the TCFG shall be on a **per contract basis**.

C. Pursuant to RMO 2-2025, one of the requirements to secure TCFG is the submission of **Certification of Collectible Final Payment (Annex C of Revenue Memorandum Order No. 002-2025)** issued by the relevant government agency, approved by the chief of the accounting or finance division, or the treasurer of that agency.

For this purpose, the Procurement and Property Division (PPD) of the Central Office or offices in the Regional/Field Offices of this agency discharging procurement functions, shall prepare the said certification (**for procurement of goods and services through public bidding**) and shall indorse to the Accounting/Finance Division together with the following documents for verification and signature:

1. Letter Request;
2. Purchase Order/Contract;
3. Inspection and Acceptance Report;
4. Contract and Terms of Reference, in terms of consultancy services.

**For procurement involving infrastructure projects**, the Construction Management Division (CMD) of the Central Office or offices in the Regional/Field Offices of this agency discharging contract management functions, shall prepare the said certification and shall likewise indorse to the Accounting/Finance Division together with the following documents for verification and signature:

1. Letter Request;
2. Statement of Accomplishment/Progress Billing;
3. Copy of the Contract.

Further, the authorize signatory of the Certification of Collectible Final Payment is the Manager of the Accounting/Finance Division. In his/her absence, the authority to sign shall be delegated to the Manager of the Cash Division. In the absence of the aforesaid officials, the next in rank shall sign/approve the certification, *provided* that there is a memorandum for alternate signatories issued.

D. **The TCFG shall only be valid after it has been posted on the BIR website** and may be authenticated by reference to the list of tax clearances issued available on the BIR's website. Unless it's posted, the claim for final settlement shall be put on hold.

E. In the event that the tax clearance is not **submitted and validated**, NIA reserves the right to suspend the final settlement process for any goods or services, including infrastructure projects under the affected contracts per Section 2 of RR No. 017-2024. It is important to note that the **valid TCFG** shall be submitted together with the other documentary requirements for the processing of final payment.

For your information and guidance, attached are copies of the BIR Revenue Regulation No. 017-2024 and BIR Revenue RMO 2-2025. Copies of the resolution and order, including its Annexes may also be downloaded in the BIR official website and in the Official Gazette of the Philippines.

This order shall take effect immediately. For strict compliance.

**EDUARDO EDDIE G. GUILLEN**  
Administrator

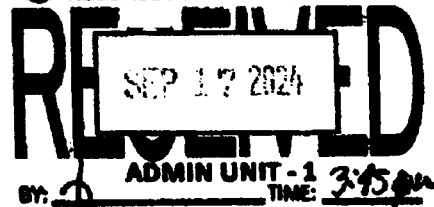
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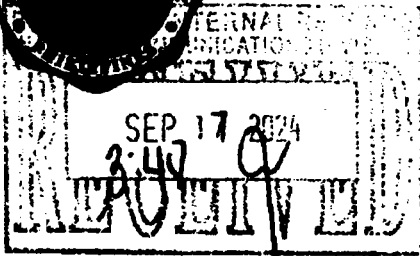


REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
National Office Building  
Quezon City

BUREAU OF INTERNAL REVENUE  
RECORDS MANAGEMENT DIVISION



SEP 17 2024



REVENUE REGULATIONS NO. 017-2024

**SUBJECT :** Prescribing the Presentation of Tax Clearance Prior to Final Settlement of Government Contracts

**TO :** All Internal Revenue Officials, Employees and Others Concerned

**BACKGROUND**

Section 1 of Executive Order (E.O.) No. 398, s. of 2005 dated July 12, 2005, directs that:

“SECTION 1. All persons, natural or juridical, local or foreign, desiring to enter into or participate in any contract with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units, shall, as a pre-condition, submit, along with their proposal and/or bid, a copy of their latest income and business tax returns duly stamped and received by the Bureau of Internal Revenue, and duly validated with the tax payment made thereon.

They shall also submit a tax clearance from the Bureau of Internal Revenue to prove full and timely payment of taxes.”

Pursuant thereto, Section 23 of Rule VIII-Receipt and Opening of Bid of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184, otherwise known as the “The Government Procurement Reform Act”, provides that:

**“Section 23. Eligibility Requirements for the Procurement of Goods and Infrastructure Projects**

23.1. For purposes of determining the eligibility of bidders using the criteria stated in section 23.4 of this IRR, only the following documents shall be required by the BAC, using the forms prescribed in the Bidding Documents:

a) Class “A” Documents

Legal Documents

- i) xxx
- ii) xxx
- iii) Tax clearance per E.O. 398, s. of 2005, as finally reviewed and approved by the Bureau of Internal Revenue (BIR).”

RECORDS MANAGEMENT DIVISION  
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TIME: 3:45 pm

Moreover, Section 3 of the same E.O. mandates that:

"Sec. 3. To ensure continuing compliance with tax laws, all government contracts shall include a stipulation that the private contracting party shall pay taxes in full and on time and that failure to do so will entitle the government to suspend payment for any goods or service delivered by the private contracting party. (Underlining ours)

All government contracts shall likewise include a stipulation requiring the private contracting party to regularly present, within the duration of the contract, a tax clearance from the Bureau of Internal Revenue as well as a copy of its income and business tax returns duly stamped and received by the Bureau of Internal Revenue and duly validated with the tax payments made thereon." (Underlining ours)

The above provisions clearly show that the BIR tax clearance is not only required to be submitted by the contractor during the procurement process as an eligibility requirement. In order to ensure payment of taxes in full and on time, the BIR tax clearance is also required to be presented by the contractor on a regular basis as proof of payment of taxes during the duration of the contract it entered into with the government. Non-submission of such tax clearance entitles the government to suspend the payment for any goods or service, including infrastructure projects, delivered by the contractor.

Accordingly, in order to fully achieve the requirements and objectives of E.O. 398, s. of 2005, these Regulations are hereby issued.

**SECTION 1. SCOPE.** - Pursuant to Sections 244 and 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, and taking into account the thrusts and objectives of E.O. No. 398, s. of 2005, these Regulations are hereby promulgated to prescribe the presentation of BIR tax clearance prior to the final settlement of all government contracts.

**SECTION 2. PRESENTATION OF UPDATED TAX CLEARANCE PRIOR TO FINAL SETTLEMENT OF GOVERNMENT CONTRACTS.** - All persons, natural or juridical, local or foreign, who have existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units for the supply of goods and services, including infrastructure projects, shall secure from the BIR an updated tax clearance certifying that they have no outstanding tax liabilities and that they have duly filed the latest income and business tax returns and paid the corresponding taxes due thereon. Such tax clearance shall be presented by the contractor to the concerned departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units prior to the final settlement of the contract it entered into with them.

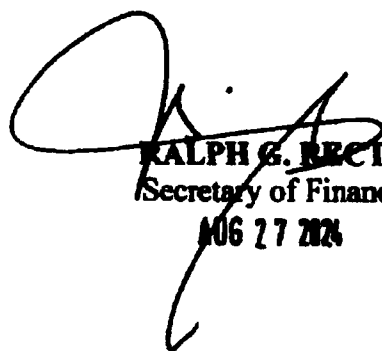
Failure to secure and present the prescribed BIR tax clearance shall entitle the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units to suspend the final settlement for any goods or services, including infrastructure projects, delivered by the contractor.

**SECTION 3. SUSPENDED FINAL SETTLEMENT AND RETENTION MONEY AS TAX LIEN.** – The amount of final settlement on the contract for any goods and services, including infrastructure projects, delivered by the contractor which was suspended by the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units due to the failure to present the BIR tax clearance prescribed by these Regulations, including the retention money required pursuant to the provisions of R.A. No. 9184 and its implementing regulations, shall be subject to tax lien as may be warranted in favor of the government to satisfy the contractor's outstanding tax liabilities. The existing guidelines and procedures governing distraint and garnishment shall be applied accordingly.

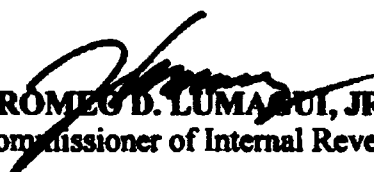
**SECTION 4. PENALTIES.** - Any violation of these Regulations shall be subject to the corresponding penalties under the pertinent provisions of the NIRC of 1997, as amended, and applicable regulations issued by the BIR.

**SECTION 5. REPEALING CLAUSE.** – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of these Regulations are hereby repealed, amended, or modified accordingly.




**SECTION 6. EFFECTIVITY.** - These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR official website, whichever comes first.

  
**RALPH G. RECTO**  
Secretary of Finance  
JUN 27 2024

Recommending Approval:

  
**ROMEO D. LUMAQUI, JR.**  
Commissioner of Internal Revenue



 **BUREAU OF INTERNAL REVENUE**  
RECORDS MANAGEMENT DIVISION  
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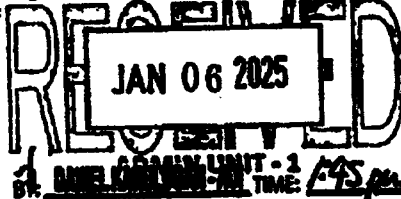
Bringing in Revenues  
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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE



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BUREAU OF INTERNAL REVENUE  
RECORDS MANAGEMENT DIVISION  
Quezon City



December 02, 2024

REVENUE MEMORANDUM ORDER NO. 002-2025

**SUBJECT** : Policies, Guidelines and Procedures in the Processing and Issuance of Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)

**TO** : All Revenue Officials, Employees and Other Concerned

**I. BACKGROUND**

Executive Order (E.O.) No. 398 was issued on January 12, 2005 directing the timely and complete payment of taxes as a precondition for entering into, and as a continuing obligation in contracts with the government, its departments, agencies and instrumentalities.

Revenue Memorandum Order (RMO) No. 12-2015 was then issued on April 20, 2015 amending RMO No. 39-92 updating the procedures in the implementation of the Memorandum of Agreement between Department of Public Works and Highways (DPWH) and Department of Finance and decentralizing the processing of Application for Contractor's Final Payment Release Certificate (BIR Form No. 0217) across all BIR offices. RMO No. 12-2015 was then revoked by RMO NO. 57-2019 dated November 28, 2019 addressing the issues and concerns regarding the duplication of requirements being submitted by contractors to the Bureau of Internal Revenue (BIR) and DPWH and to align the process for the release of the final payment for contractors with Republic Act (RA) No. 11032 also known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

The procedures in the decentralized processing and issuance of Tax Clearance for Bidding Purposes as required under RA No. 9184 and E.O. No. 398 was provided by RMO No. 46-2018.

Provisions of Section 3 of E.O. No. 398 show that the BIR tax clearance is not only required to be submitted by the contractor during the procurement process as an eligibility requirement but on a regular basis within the duration of the contract. RR No. 17-2024 prescribed the presentation of the updated tax clearance by the contractor to the concerned departments, therefore Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG) is to be secured from the BIR and to be presented prior to final settlement of government contracts.

## II. OBJECTIVES

This Order is issued to:

1. Ensure that taxes withheld from payee private contractors are paid and remitted on time by the government agencies;
2. Ensure that only tax compliant contractors are entitled for the final settlement of any goods, consulting services and infrastructure projects delivered;
3. Provide policies, guidelines and procedures in the application and issuance of TCFG; and
4. Define the duties and responsibilities of BIR officials and offices in the issuance of the TCFG.

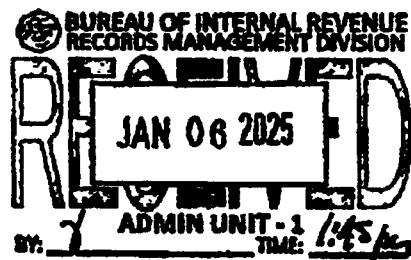
## III. COVERAGE

1. Government contracts for any procurement done through public bidding process pursuant to RA No. 9184 otherwise known as the "Government Procurement Reform Act", as amended by RA No. 12009 shall be covered by the TCFG;
2. Government contracts for the procurement of goods, consulting services, and infrastructure projects pursuant to the scope and application as defined under RA No. 9184; and
3. The tax types covered shall be value-added tax (VAT), percentage and creditable withholding income tax.

## IV. DEFINITION OF TERMS

For the purpose of this Order, the following words and/or phrases shall be defined as follows:

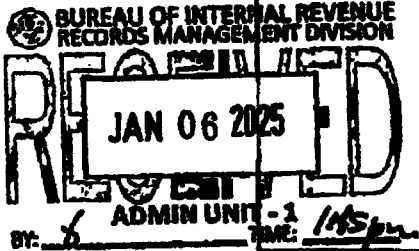
1. **"Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)"** – refers to the certificate to be secured by the contractor who have existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units which will be presented prior to the final settlement of the government contracts to ensure complete and timely payment and remittance of taxes.
2. **"Tax Compliance Verification Clearance for Final Settlement of Government Contracts (TCVC-FG)"** – refers to the certificate that is issued to all government contractors (individuals, partnerships, corporations, joint ventures, cooperatives, associations, whether taxable or non-taxable, etc.) classified as non-large taxpayers. This is a pre-requisite requirement for TCFG applications which will be secured by non-large taxpayers from concerned Revenue District Office.



**V. GENERAL POLICIES**

1. All persons, natural or juridical, local or foreign, who have any existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units for the supply of goods and services, including infrastructure projects, shall secure from the BIR an updated TCFG (*Annex "A" and "A.1"*) certifying that they have no outstanding tax liabilities and that they have duly filed the latest income and business tax returns and paid the corresponding taxes due thereon.
2. All government contractors (individuals, partnerships, corporations, joint ventures, cooperatives, associations, whether taxable or non-taxable, etc.) classified as *non-large taxpayers* who have existing contracts with the government are required to secure TCVC-FG (*Annex "B"*).
3. The issuance of TCFG shall be on a per contract basis.
4. The processing offices authorized to receive applications for TCVC-FG and TCFG are as follows:

| Tax Clearance Certificate | Taxpayer Classification   | Processing Office   |
|---------------------------|---|---|
| TCVC-FG                   | Non-large taxpayers   | Collection Section of the concerned RDO   |
| TCFG                      | Non-large taxpayers   | Tax Clearance Section (TCS) of the Regional Collection Division   |
|                           | Large taxpayers   | Large Taxpayers Division (LTD)-Cebu, LTD-Davao or Large Taxpayers Collection Enforcement Division (LTCED) |
|                           | Non-Resident Foreign Corporation (NRFC), Non-Resident Alien Not Engaged in Trade or Business (NRA-NETB), and other entities authorized by the CIR | Accounts Receivable Monitoring Division (ARMD)  |


 BUREAU OF INTERNAL REVENUE  
 RECORDS MANAGEMENT DIVISION  
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 BY: *[Signature]*

5. All contractors, except for NRA-NETB, NRFC are required to submit one (1) original copy of *Certification of Collectible Final Payment (Annex "C")* issued by the concerned government agency, duly approved by the Chief, Accounting/Finance Division or Treasurer of the said government agency disclosing the collectible final payment due to the contractor and one (1) photocopy of government agency's issued ID of the signatory reflecting the signature or specimen signature for ID without reflected signature. The certification shall form part of the documentary requirements to be submitted to the concerned Large Taxpayers Audit Division/Large Taxpayers District Office (LT Office) or RDO whose principal place of business or branch office falls within the jurisdiction of the concerned LT Office/RDO.

6. Only applications with complete documentary requirements, as enumerated in the Checklist of Documentary Requirements (CDR) (*Annexes "D", "D.1" and "D.2", whichever is applicable*), shall be received and processed by the authorized processing office.
7. Only duly accomplished Application Form for TCVC-FG (*Annexes "E" and "E.1"*) and Sworn Application Form for TCFG (*Annexes "E.2", "E.3" and "E.4"*) with complete documentary requirements shall be accepted by the BIR-processing office. The said form shall be accomplished and signed by the applicant himself/herself for individuals, or by any one of the partners, or by any authorized officer/individual whose authority to act as such is contained in a Board Resolution, as shown by a Secretary's Certificate of the minutes/contents of said Board Resolution for corporations, cooperatives, associations and other non-individuals' taxpayer-applicants.
8. The following criteria must be satisfied by the taxpayer-applicant before the TCVC-FG and TCFG is issued:

**For the Issuance of TCVC-FG/TCFG:**

8.1 No open valid "stop-filer" cases;

8.2 A regular user of the BIR's Electronic Filing and Payment System (eFPS) from the time of enrollment up to the time of filing of the renewal of TCFG for those with previously issued TCFG. The regular usage of eFPS shall not apply to new applicants. The submission of the new applicant's latest income tax and business tax returns not filed and paid through the Bureau's eFPS shall suffice;

8.3 Not tagged as "Cannot Be Located (CBL)" taxpayer;

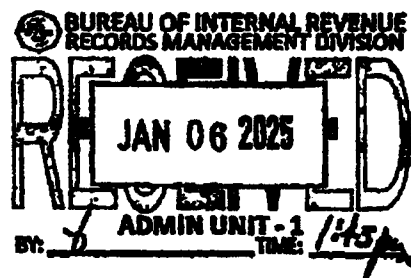
8.4 No Accounts Receivable/Delinquent Account (ARDA). However, applicants with delinquent accounts may still be issued TCVC-FG and TCFG, provided the tax liabilities involved were the subject of a pending application/s for compromise settlement and/or abatement of penalties pursuant to Section 204 of the Tax Code, as amended. Provided, further, that the applicant has fully paid the amount offered for payment upon filing of the application for compromise settlement or abatement of penalties;

**Additional Condition for the Issuance of TCFG:**

8.5 No pending criminal information filed in any court of competent jurisdiction arising from any tax or tax-related cases.

9. The following processing time shall be observed by the concerned processing offices for received TCVC-FG and TCFG applications:

| Tax Clearance Certificate | Processing Time      |
|---------------------------|----------------------|
| TCVC-FG                   | Two (2) working days |
| TCFG                      | Two (2) working days |



10. The TCVC-FG and TCFG shall have a validity period as illustrated below unless sooner revoked for valid reasons and shall be signed / approved by the following BIR officials:

| Tax Clearance Certificate | Taxpayer Classification   | Approving Revenue Official                                | Validity Period  |
|---------------------------|---|---|------------------|
| TCVC-FG                   | Non-large taxpayers   | Revenue District Officer                                  | Ninety (90) Days |
| TCFG                      | Non-large taxpayers   | Chief, Collection Division of the Revenue Regional Office | One (1) Year     |
|                           | Large taxpayers   | Chief, LTD - Cebu/Chief, LTD - Davao/Chief - LTCED        |                  |
|                           | Non-Resident Foreign Corporation (NRFC), Non-Resident Alien Not Engaged in Trade or Business (NRA-NETB), and other entities authorized by the CIR | Chief, ARMD   |                  |

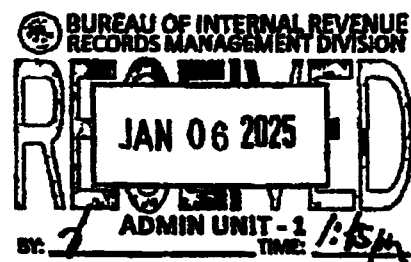
11. In the absence of the aforesaid officials, the next in rank shall sign / approve the Tax Clearance. For instances that the abovementioned signatories are not available due to official business or leave of absence, the Chief, Assessment Section and Chief, Tax Clearance Section may sign the TCVC-FG and TCFG, respectively provided that there is a memorandum or approved Continuity Plan for Alternate Signatories issued.

12. The TCVC-FG/TCFG shall be prepared in duplicate to be distributed as follows:

Original Copy – to the applicant/taxpayer/prospective bidder, and  
Duplicate Copy – to be retained to TCVC-FG/TCFG issuing office for record purposes.

The TCVC-FG/TCFG-issuing office shall maintain a database of all its issued Tax Clearances with corresponding registered Tax Clearance Control Number for monitoring and record purposes.

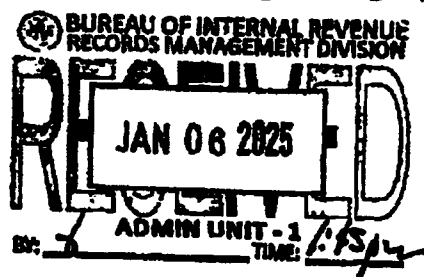
13. TCFG shall only be valid after the same have been posted in the BIR Website. The information that shall be posted in the BIR website shall only include the taxpayer's name, TIN, the RDO where the taxpayer is registered, the Tax Clearance's Control Number and the Date of Issuance.
14. TCFG shall be verified for authenticity from the List of Tax Clearances Issued through the Bureau's website <https://www.bir.gov.ph/Tax-Clearance-List-Issued-TCC>.



## VI. PROCEDURES

### 1. Collection Section of the Revenue District Office shall:

- 1.1 Receive application for TCVC-FG from taxpayer-applicant;
- 1.2 Verify and validate if the taxpayer-applicant submitted the complete documentary requirements;
- 1.3 The concerned Revenue Officer shall issue a claim stub (*Annex "F"*) to the taxpayer-applicant if he/she/it submitted the complete documentary requirements as listed on the Checklist of Documentary Requirements (CDR) (*Annex "D"*) for all TCVC-FG applications;
- 1.4 In case the taxpayer-applicant fails to complete and satisfy the documentary requirements set forth on the CDR, the Revenue Officer shall not accept the application and inform the concerned taxpayer of the lacking requirements using the duly acknowledged *taxpayer's copy* of the CDR and require taxpayer applicant to submit compliance thereof before the same may be accepted and processed;
- 1.5 An Evaluation Sheet for application of TCVC-FG (*Annex "G"*) shall be routed by the concerned Revenue Officer from Collection Section to the Client Support Section, Compliance Section and Collection Section to verify and validate if the taxpayer applicant has satisfied all the criteria set forth per Section V.8 of this Order;
- 1.6 Issue a "Compliance Notice" (*Annex "H"*) for TCVC-FG applications indicating the lacking documentary requirements and/or the prescribed criteria not satisfied for final approval of the Revenue District Officer. In the absence of the concerned official, the next in rank shall initial/sign/approve the Compliance Notice for TCVC-FG;
- 1.7 For compliant applications, issue the corresponding TCVC-FG (*Annex "B"*) within two (2) working days from receipt of the application signed by the Revenue District Officer or any of his authorized representative as shown by a Delegation Order issued by the said Revenue District Officer in which a copy shall be forwarded to the concerned Collection Division of the Revenue Region for monitoring purposes;
- 1.8 Advise taxpayer-applicant to proceed to the Regional Office's Tax Clearance Section (TCS) of the Collection Division for the issuance of TCFG; and
- 1.9 Record all issued TCVC-FG and submit the Daily List of Issued TCVC-FG to the concerned Collection Division of Revenue Regional Offices and copy furnished ARMD using the prescribed format (*Annex "I"*) to [arnd\\_tes@bir.gov.ph](mailto:arnd_tes@bir.gov.ph), the official e-mail-address, the following working day.



**2. Tax Clearance Section (TCS) of the Collection Division of the Regional Office/LTD-Cebu/LTD-Davao/LTCED of LTS shall:**

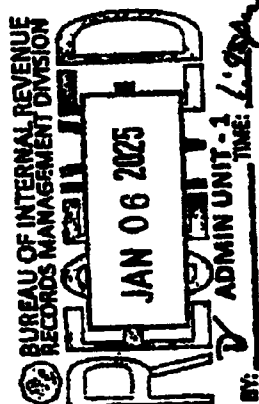
- 2.1 Receive application for TCFG from taxpayer-applicant;
- 2.2 Verify and validate if the taxpayer-applicant submitted the complete documentary requirements;
- 2.3 The concerned Revenue Officer shall issue a claim stub (*Annex "F"*) to the taxpayer-applicant if he/she/it submitted the complete documentary requirements as listed on the Checklist of Documentary Requirements (CDR) (*Annex "D.1"*) for all TCFG applications;
- 2.4 In case the taxpayer-applicant fails to complete and satisfy the documentary requirements set forth on the CDR, the Revenue Officer shall not accept the application and inform the concerned taxpayer of the lacking requirements using the duly acknowledged *taxpayer's copy* of the CDR and require taxpayer applicant to submit compliance thereof before the same may be accepted and processed;
- 2.5 Revenue Officer from the Tax Clearance Section (TCS) of the Collection Division of the Regional Office shall route the TCFG application using an Evaluation Sheet (*Annex "G.1"*) to the Collection Division for validation and verification of the existence of Accounts Receivable/Delinquent Accounts and to Legal Division for the existence of pending criminal information files in any court of competent jurisdiction arising from any tax or tax-related cases;
- 2.6 In case the taxpayer-applicant fails to complete and satisfy the requirements and criteria set forth herein, inform the taxpayer-applicant of the lacking documentary requirements and criteria using the prescribed format (*Annex "J"*) and require the taxpayer-applicant to submit compliance thereof before the same may be accepted and processed;

- 2.7 For compliant applications, issue the TCFG within two (2) working days from the date of receipt of the application using the prescribed format hereto attached (*Annex "A" and Annex "A.1"*) with control number following the sequence numbers as follows:

TCFG NO. RR/LT-RDO-MM-DD-Series-YYYY

- 2.8 The Daily List of Issued TCFG (*Annex "K"*), including those with ground for revocation (*Annex "K.1"*), as the case may be, shall be submitted by the Collection Division of the Revenue Regional Office/LTD-Cebu/LTD-Davao/LTCED of LTS to ARMD, Attention: Tax Clearance Section through e-mail at e-mail address: [armd\\_tes@bir.gov.ph](mailto:armd_tes@bir.gov.ph) the following working day for posting to the BIR Portal/Website; and

- 2.9 Validate the authenticity of the TCFG; and in case of official request of any government procuring agency, prepare the letter reply using the (*Annex "L"*). If found spurious, the name of the taxpayer (bidder/contractor) using (*Annex*



"M") shall be forwarded to the Regional Investigation Division for taxpayers under the Regional Office and Prosecution Division for taxpayers under the LTS, for the filing of appropriate criminal charges, copy furnish the ARMD.

**3. Tax Clearance Section of the Accounts Receivable Monitoring Division shall:**

- 3.1 Receive and process application for Tax Clearance with complete documentary requirements from NRFC and NRA-NETB and other entities authorized by the CIR;
- 3.2 Receive the Daily List of Issued TCFG (*Annex "K"*) sent by e-mail to armd\_tcs@bir.gov.ph from the concerned Collection Division of Revenue Regional Offices, LTD-Cebu, LTD-Davao and LTCED of LTS;
- 3.3 Maintain a Master List of Issued TCFG, for records and monitoring purposes;
- 3.4 Update BIR Portal on the List of Tax Clearances Issued; and
- 3.5 Transmit to concerned RID/NID the copies of alleged spurious/fake Tax Clearance submitted by any government procuring agency or spurious documents submitted by the taxpayer-applicant, for preliminary investigation.

**VII. REPEALING CLAUSE**

All issuances which are inconsistent herewith are hereby amended, modified or repealed accordingly.

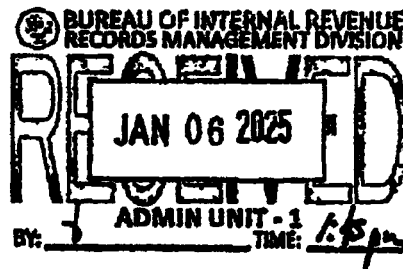
**VIII. EFFECTIVITY**

This order shall take effect immediately.



**ROMELO D. LUMAGUL, JR.**  
Commissioner of Internal Revenue

J-4





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



February 24, 2025

REVENUE MEMORANDUM CIRCULAR NO. 020-2025

**SUBJECT** : Clarification of Certain Policies, Guidelines and Procedures Relative to the Processing and Issuance of Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)

**TO** : All Revenue Officials, Employees and Other Concerned

This Circular is hereby issued to clarify certain policies, guidelines and procedures relative to the processing and issuance of Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG) pursuant to Revenue Memorandum Order (RMO) No. 2-2025.

Section III of RMO No. 2-2025 provides the coverage of requiring and issuing a TCFG as follows:

*“III. COVERAGE*

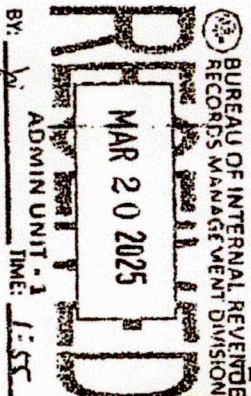
1. *Government contracts for any procurement done through public bidding process pursuant to RA No. 9184 otherwise known as the “Government Procurement Reform Act”, as amended by RA No. 12009 shall be covered by the TCFG;*
2. *Government contracts for the procurement of goods, consulting services, and infrastructure projects pursuant to the scope and application as defined under RA No. 9184; and”*

In relation thereto, **this Office clarifies that the TCFG shall be required and issued only for government contracts which involves the procurement of goods, consulting services, and infrastructure projects done through public bidding process pursuant to RA No. 9184 otherwise known as the “Government Procurement Reform Act”, as amended by RA No. 12009. Procurement involving small value purchases are not required to secure TCFG.**

Pursuant to Section IV of RMO No. 2-2025, TCFG shall be defined as follows:

*“IV. DEFINITION OF TERMS*

*For the purpose of this Order, the following words and/or phrases shall be defined as follows:*



1. "Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)" – refers to the certificate to be secured by the contractor who have existing contracts with the government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units which will be presented prior to the final settlement of the government contracts to ensure complete and timely payment and remittance of taxes.

This Office clarifies that the TCFG shall be presented only prior to the final settlement of the government contracts with its suppliers on a per contract basis to ensure complete and timely payment and remittance of taxes. For example, taxpayer ABC has a contract with a government agency that underwent a public bidding process pursuant to RA NO. 9184 involving ten (10) installment payments, the TCFG shall only be required and secured before the 10th final settlement. Thus, no TCFG shall be required during the initial and partial payments for the said contract.

In strict compliance with Republic Act No. 11032 also known as Ease of Doing Business and Efficient Government Service Delivery Act of 2018, a Tax Clearance Certificate for General Purposes (TCGP) specifically for *collection purposes* shall no longer be required from the contractor.

All revenue issuances and BIR Rulings inconsistent herewith are hereby amended, modified or revoked accordingly.

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



*Romeo D. Lumagui, Jr.*  
ROMEO D. LUMAGUI, JR.  
Commissioner of Internal Revenue

J-4

