

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 266

CREATING A ONE-STOP-SHOP INTER-AGENCY TAX CREDIT AND DUTY DRAWBACK CENTER (CENTER) FOR THE PROCESSING OF ALL TAX CREDITS AND DUTY DRAWBACKS, DEFINING ITS POWERS, DUTIES AND FUNCTIONS, AND FOR OTHER PURPOSES

WHEREAS, current systems in the processing of tax credit availment/duty drawbacks are being administered primarily by different government agencies, resulting in varying documentation requirements, longer processing time, and a considerable number of pending applications;

WHEREAS, such current systems hamper the basic objective of government, which is to enable those eligible for tax credits/duty drawback to reasonably enjoy their credits for taxes and duties paid on their raw materials and other inputs used in their products;

WHEREAS, the competitiveness of our locally manufactured products vis-a-vis their imported equivalents is also dependent on the ability of our manufacturers/exporters to secure and to use their tax credits/drawbacks at the earliest time possible;

WHEREAS, the simplification of the availments of said credits on taxes and duties, as well as safeguarding the system from the occurrence of undue claim, is urgently needed;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the power vested in me by law, do hereby order the following:

SECTION 1. Creation of a One-Stop Inter-Agency Tax Credit and Duty Drawback Center - A One-Stop-Shop Inter-Agency Tax Credit and Duty Drawback Center (CENTER) is hereby created for the purposes of achieving an orderly and expeditious processing of tax credits and duty drawbacks under Executive Order No. 226; Presidential Decree No. 1789 as amended by Batas Pambansa Blg. 391, as amended; Letter of Instructions No. 1355; Executive Order No. 765; RP-US Military Agreement; Section 106 (c), Tariff and Customs Code of the Philippines; Section 106, National Internal Revenue Code; and such other applicable laws.

SECTION 2. Composition. - The CENTER shall be composed of representatives from the following agencies:

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| Chairman | - | The Department of Finance |
| Member | - | The Board of Investments |
| Member | - | The Bureau of Customs |
| Member | - | The Bureau of Internal Revenue |
| Secretariat | - | Revenue Operations Group (ROG), Dept. of Finance |

The CENTER shall invite representatives from the Industrial Technology Development Institute, Bureau of Export and Trade Promotion, Garments and Textiles Export Board, Philippine International Trading Corporation and other concerned government Agencies, as well as representatives from the private sector, as consultants.

SEC. 3. Powers, Duties and Functions. - The Center shall have the following powers, duties and functions:

- a. To promulgate the necessary rules and regulations and/or guidelines for the effective implementation of this administrative order;
- b. To accept applications for tax credits and/or duty drawbacks and finish evaluation thereof within thirty (30) working days from date of acceptance of complete applications;
- c. To regularly conduct dialogues with the private sector with the end in view of arriving at realistic standard/usage rates;
- d. To adopt and/or revise standard/usage rates on all raw materials and inputs used in export products motu proprio or upon petition by concerned exporters which shall be used for computing special tax credits/duty drawbacks;
- e. To conduct regular post-audit examinations on tax credit certificates issued using standard rates;
- f. To disseminate relevant information to the public on credit/duty drawback scheme/policies and procedures;
- g. To enforce compliance with tax credit/duty drawback policy and procedural guidelines;
- h. To manage the data processing for the storage and retrieval of data on tax credit/duty drawbacks scheme applications;
- i. To collect appropriate fees in connection with the processing of applications, which may be expended to enhance its effectiveness and efficiency, including but not limited to granting allowances, overtime pays and other material benefits to its members and staff;

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- j. To recruit, hire, and train the necessary staff to process and evaluate applications for tax credit/drawback;
- k. To accept donations pursuant to Section 8 of R.A. 7078 for purposes of the functions of the Center; and
- l. To perform such other functions/duties as may be necessary or incidental in the furtherance of the purpose for which it has been established.

SEC. 4. Filing of Applications. Except as otherwise provided herein, all applications for tax credits/duty drawbacks shall be filed directly with the CENTER, which shall be located at the Department of Finance, Manila, or where any of its agencies are located. Applications for tax credit on Net Local Content (NLC) and Net Value Earned (NVE), domestic capital equipment, and domestic breeding stocks and genetic materials shall, for a period of six (6) months from the effectivity of this Administrative Order, shall continue to be filed with and evaluated by the Board of Investments (BOI), provided that, after such period, all applications, including those on NLC and NVE, shall already be filed with and processed by the CENTER.

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SEC. 5. Issuance of Tax Credit Certificates and/or Duty Drawback. - The Secretary of Finance shall designate his representatives who shall, upon the recommendation of the CENTER, issue tax credit certificates within thirty (30) working days from acceptance of applications for the enjoyment thereof.

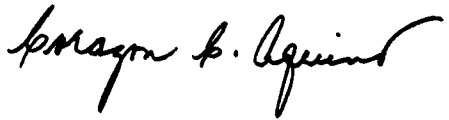
SEC. 6. - Operationalization. - The Department of Finance shall ensure the operationalization of the CENTER within sixty (60) days from the effectivity of this Administrative Order. For a period of six (6) months from date of said operationalization, all concerned agencies shall detail, with the CENTER, competent technical staff who shall initially be responsible for the evaluation of tax credits/duty drawbacks. Six (6) months thereafter, the processing and evaluation shall already be undertaken by the staff of the Center. The operational staff shall include, aside from the technical staff, a property officer and a disbursing officer who shall be directly accountable, exclusively for the property and funds which the Center may acquire in the course of its operation.

SEC. 7. Review. The CENTER shall be subject to an annual review by the Office of the President to assess its effectivity and to determine its necessity to continue processing applications for and issuing tax credits/duty drawbacks. After said review, the President may or may not continue the operations of said CENTER.

SEC. 8. Repealing Clause. - All orders, guidelines and regulations or portions thereof, which are inconsistent or in conflict with this Administrative Order are hereby repealed or modified accordingly.

SEC. 9. Effectivity. - This Administrative Order shall take effect thirty (30) days after publication in the Official Gazette or in a newspaper of general circulation, and shall remain in full force and effect until revoked.

DONE in the City of Manila on this 7th day of February in the year of our Lord nineteen hundred and ninety-two.



By the President:



FRANKLIN M. DRILON
Executive Secretary

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