

MEMORANDUM

FOR : ALL HEADS OF OFFICES, BUREAUS, SERVICES AND UNITS
DSWD Central Office
THE DSWD REGIONAL DIRECTORS
DSWD Field Offices I-XII, CAR, NCR, IV-A , IVB and CARAGA

FROM : THE UNDERSECRETARY

SUBJECT : FINANCIAL MANAGEMENT GUIDELINES NO. 27 (2022):
GUIDELINES ON THE EVIDENCE OF RECEIPT OF PAYMENTS TO BE
ISSUED BY CREDITOR/PAYEE FOR PAYMENTS RECEIVED FROM
DSWD

DATE : 24 JUNE 2022

In compliance with the National Internal Revenue Code (NIRC) of 1997 and DBM Circular Letter No. 2018-14 entitled "Updated Guidelines in the Implementation of the Modified Direct Payment Scheme (MDPS) Due Creditors/Payees of All National Government Agencies (NGAs)", all Heads Office/Bureaus/Services/Units shall be guided by these implementing guidelines.

I. Definition of Acronyms

- **BIR** - Bureau of Internal Revenue
- **DBM** - Department of Budget and Management
- **DV** – Disbursement Voucher
- **FMS/D** – Finance and Management Service/Division
- **GASSG** – General Administration and Support Services
- **LDDAP-ADA** – List of Due and Demandable Accounts Payable – Advice to Debit Accounts
- **MDS** - Modified Disbursement System
- **MDS-GSB** - Modified Disbursement System-Government Servicing Banks
- **OR** - Official Receipt
- **SLIIE**- Summary of LDDAP-ADAs Issued and Invalidated ADA Entries

II. Legal Bases

The BIR reiterated through Revenue Memorandum Circular No. 002-14 the difference between the following documents:

1. **Sales Invoice (Cash or Charge)** shall be issued as Principal evidence in the sale of goods and/or properties;
2. **Official Receipt** shall be issued as Principal evidence in the sale of services and/or lease of properties; and
3. **Commercial Receipts/Invoices** such as delivery receipts, order slips, purchase orders, provisional receipts, acknowledgment receipts, collection receipts, credit/debit memo, job orders and other similar documents that form part of the accounting records of the taxpayer and/or issued to their customers evidencing delivery, agreement to sell or transfer of goods and services, shall be Supplementary evidence only.

Section 237 of the NIRC of 1997, otherwise known as The Tax Code, is the primary source of the requirement for Philippine taxpayers to issue an Official Receipt upon the sale of a service.

"All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (P100.00) or more, issue duly registered receipts or sales or commercial invoices, showing the date of

transaction, quantity, unit cost and description of merchandise or nature of service: Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensations, fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client."

Accordingly, Section 3.8 of the DBM Circular Letter No. 2018-14 states that consistent with accounting and auditing rules and regulations, the Department is reminded to **require their creditors to issue Official Receipts (ORs) or Sales Invoice as evidence of receipt of payment** through LLDAP-ADA and SLIIE or MDS check.

However, in instances where supply of goods are ON CREDIT and the required Sales Invoice are issued upon delivery of goods, supplemental/secondary receipts such as Acknowledgement Receipt or Collection Receipt are issued upon collection of account following Revenue Regulations No. 18-2012.

3.8.1 In case the supplier/contractor failed to submit OR or sales invoice, the list of bank-validated ADA shall be attached to the DV as proof of payment.

3.8.2 In the case of supplier/contractor maintaining accounts outside the agency's MDS-GSB where corresponding bank charges are paid by the supplier/contractor as remitter (as deduction from the amounts transferred to their accounts), the OR or Sales Invoice to be issued by the creditor concerned shall correspond to the gross amount.

3.8.3 Non-issuance of OR or Sales Invoice by the contractor/supplier shall be reported to the BIR as violation of regulations.

III. Guidelines

1. The Cash Division/Unit shall attach the bank-validated ADA to the paid DV in case of LDDAP-ADA payment and notify the creditor/payee on the payment through coordination with the concerned offices. The creditor/payee shall thereafter issue an official receipt to the Cash Division/Unit in order to claim the signed BIR Form 2307 or the Certificate of Creditable Tax Withheld at Source, which serves as tax credit.

Otherwise, the creditor/payee shall submit an explanation addressed to the Undersecretary for GASSG at the Central Office or the Regional Directors in the case of the Field Offices, or an exemption justifying the non-issuance of OR. Submission of explanation shall not preclude the FMS/D from reporting the non-issuance of OR to BIR.

2. With the foregoing, all concerned offices shall advise the suppliers, service providers and contractors of the Central Office to issue Official Receipts (ORs), or an exemption to issue if there's any, for monetary claims credited to their respective accounts.
3. Non-compliance to the above guidelines will be sufficient grounds for DSWD to deny issuance of the signed BIR Form 2307 to the concerned creditor/payee.

For your guidance and strict compliance.



ATTY. ADONIS P. SULIT, CESO II

Undersecretary for GASSG



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