

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 174

FURTHER AMENDING ADMINISTRATIVE ORDER (AO) NO. 266 DATED 07 FEBRUARY 1992, AS AMENDED BY ADMINISTRATIVE ORDER NO. 138 DATED 19 JULY 1994, CREATING THE ONE-STOP SHOP INTER-AGENCY TAX CREDIT AND DUTY DRAWBACK CENTER (CENTER)

WHEREAS, the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (CENTER) was created to achieve an expeditious and orderly processing of tax credit and duty drawback being granted to qualified exporters;

WHEREAS, Administrative Order No. 266 authorizes the CENTER to collect appropriate fees from the processing of tax credit and duty drawback applications and to use the income derived therefrom to enhance the effectiveness and efficiency of the CENTER;

WHEREAS, the CENTER needs some flexibility in the use of appropriate fees collected as authorized in AO 266 to be able to respond appropriately to its mandate and to other pressing challenges;

WHEREAS, establishing a CENTER Trust Fund is necessary to carry out the mandate of AO 266;

WHEREAS, the CENTER Trust Fund can be sourced from the collections made since the creation of the CENTER in 1992 pursuant to AO 266;

WHEREAS, under Section 45 of Book VI of EO 292, a Permanent Committee was constituted to be composed of the Secretary of Finance as Chairman, and the Secretary of Budget and the Chairman, Commission on Audit, as members;

WHEREAS, there are ongoing investigations of the alleged tax credit scam in the CENTER which require the full support and assistance of the various agencies of government;

WHEREAS, the CENTER is embarking on special programs and projects to recover tax credits obtained through fraud, to investigate said fraudulent claims with the end view of prosecution of those involved, and to attract and maintain highly competent personnel to carry out the foregoing tasks;

WHEREAS, the CENTER is establishing control measures to safeguard the processing and issuance of tax credits by setting up verification unit, computerization, institutionalizing annual plant visits and post audits as mandated by AO 226;

WHEREAS, in pursuit of these special programs and projects, the CENTER under Executive Order No. 156, dated October 7, 1999 was made a part of a special task force, funding of said task force to be drawn from the CENTER as specified in Section 7, EO 156;

NOW, THEREFORE, I, PRESIDENT JOSEPH EJERCITO ESTRADA, by virtue of the powers vested in me by law, do hereby order the following:



Section 1. **Trust Fund Creation.** A CENTER Trust Fund is hereby created and established which shall be sourced from the appropriate fees collected from processing of tax credit and duty drawback applications to be recorded and disbursed in accordance with such rules and regulations as may be determined by the Permanent Committee created under section 45 of Executive Order No. 292, otherwise known as the Administrative Code of 1987.

Section 2. **Trust Fund Utilization.** The CENTER Trust Fund may be expended to enhance its efficiency and effectiveness, particularly for the following purposes:

- a. Computerization of the operation of the CENTER;
- b. Institutionalization of post audit procedures and processes
- c. Verification processes of tax credit and duty drawback applications;
- d. Conduct of plant/company inspections;
- e. Fraud investigations and prosecutions, including provisions for the support of the operation of the task force created under Section 7 of EO 156, dated October 7, 1999;
- f. Training and programs to enhance the capability and competence of personnel and staff, including those detailed with the CENTER;
- g. Information dissemination and campaign to the public on tax credit and duty drawback schemes, policies and issues.
- h. Networking with other government agencies, International Organizations and private sector groups and entities in connection with tax credit and duty drawback matters;
- i. Such other activities and programs, as may be deemed appropriate by the Executive Committee, to enhance the efficiency and effectiveness of the CENTER including but not limited to allowances, overtime pays, and hazard pays to its members and staff including employees of other government agencies assigned to the CENTER;

Section 3. The Executive Committee of the CENTER shall be composed of representatives from the following agencies:

Chairman: Department of Finance  
Members: The Board of Investments  
The Bureau of Customs  
The Bureau of Internal Revenue  
The CENTER Executive Director

The CENTER shall invite representatives from the Industrial Technology Development Institute, Bureau of Export Trade Promotions, Garments and Textile Export Board, Government Financial Institutions, and other concerned government agencies, as well as representatives from the private sector as Consultants.

Section 4. **Effectivity.** This Executive Order shall take effect immediately.

DONE in the City of Manila, this 3<sup>rd</sup> day of November, in the year of Our Lord, Nineteen Hundred and Ninety-Nine.



By the President:

RONALDO B. ZAMORA  
Executive Secretary



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Date