

MAY 07 2021



PPA MEMORANDUM CIRCULAR

NO. 10 - 2021

T O : All Port Managers
All RC Heads Concerned
All Other Port Users Concerned

SUBJECT : **Guidelines on Claims for Refund of Rental Deposit**

1. Authority

Section 6.a(iii) Presidential Decree No. 857, as amended
Article 1145 of the Civil Code of the Philippines
PPA Administrative Order No. 22-95

2. Rationale

The rental deposits are collected from lessees/permittees as safeguard for possible damages resulting from violation/s of any provision of the lease contract or permit to occupy. It is appropriate that rental deposit in excess of the monetary obligations with the Authority should be refunded.

3. Coverage

These guidelines prescribe the procedures in processing the claims for refund of rental deposit maintained by the lessee/permittee with the PMO.

4. General Policies

- 4.1. The three (3) months cash deposit consisting of two (2) months rental deposit and one (1) month advance rental for lease contract and permit to occupy is a security deposit maintained by the lessee/permittee with the PMO having jurisdiction over the leased property.
- 4.2. The rental deposit will be held in trust and maintained until the termination of the Lease Contract (LC)/Permit to Occupy (PTOc), which will be applied to unpaid rentals and outstanding utility bills, if any. It will also compensate the Authority of any damages due to violation/s of the provisions of the LC or PTOc.
- 4.3. In case the rental deposit is applied during the life of the contract, the lessee shall make such additional security deposit as is necessary to reinstate it to the amount prescribed in the LC/ /PTOc.

- 4.4. The advance rental will be receipted with PPA VAT Official Receipt and applied for the current month the permit was issued. Such receipt will be recorded as lease/rental income in the books of accounts.
- 4.5. The security deposit is not subject to Output VAT upon payment and will be receipted with PPA Non VAT Acknowledgment Receipt. It will be recorded as Depository Liabilities-Rental Deposit in the books of accounts.

5. Procedures in Claim for Cash Refund of Rental Deposit

- 5.1. The concerned lessee will submit to the PMO the following documents to support the claim for refund.
 - 5.1.1. Letter-Request of the lessee or permittee for refund addressed to the concerned Port Manager.
 - 5.1.2. Certification of No Outstanding Account and Unutilized Amount of Rental Deposit issued by the PMO Finance Division
 - 5.1.3. Other supporting documents that may be required during the evaluation of the request.
- 5.2. The request for refund of rental deposit regardless of the amount will be processed as follows:
 - 5.2.1. Upon receipt of the request for refund from lessee or permittee concerned, the PMO-BDMO confirms the validity of the claim, and endorses documents to PMO Finance Division
 - 5.2.2. The PMO Finance Division verifies the amount for refund based on their record and returns the documents to the BDMO for endorsement of the Port Manager's recommendation to the AGM for Operations, thru Commercial Services Department.
 - 5.2.3. The Commercial Services Department reviews the recommendation of BDMO based on the REM regulations and validates the grounds that will warrant the refund and endorses to the AGM for Operations.
 - 5.2.4. The AGM for Operations recommends approval of the request and endorses to the AGM for Finance and Administration thru: Treasury Department.

- 5.2.5. Upon receipt of the AGM for Operations' recommendation, Treasury Department confirms the propriety of issuing Non-VAT Acknowledgment Receipt, verifies the remittance of rental deposit to PPA Centralized Account and prepares the Approved Claim for Refund for endorsement to the Office of the AGM for Finance and Administration.
- 5.2.6. The AGM for Finance and Administration recommends approval of the claim and endorses to the Office of the General Manager.
- 5.2.7. The General Manager signs the Approved Claim for Refund.
- 5.2.8. Treasury Department furnishes the PMO with the Approved Claim for Refund and issues the Notice of Cash Transfer.
- 5.2.9. The PMO Finance Division prepares Disbursement Voucher and issues check to the lessee/permittee after application of any outstanding account.

6. Repealing Clause

All PPA orders, rules and regulations, guidelines and other issuances or parts thereof which are inconsistent herewith are hereby repealed or modified accordingly.

7. Effectivity

This Circular shall take effect immediately after its publication.

For strict compliance.


JAY DANIEL R. SANTIAGO
General Manager

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