REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

National Office Building
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August 31, 2023

REVENUE ADMINISTRATIVE ORDER NO. 3-2023

SUBJECT : **AMENDMENT OF REVENUE ADMINISTRATIVE ORDER (RAO) NOS. 3-2014 AND 5-2019 RELATIVE TO THE FUNCTIONS OF ASSESSMENT SECTION, COLLECTION SECTION, CLIENT SUPPORT SECTION AND COMPLIANCE SECTION UNDER THE REVENUE DISTRICT OFFICE IN THE REVENUE REGION**

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

I. OBJECTIVE

This Order is issued to amend Sections III.I.1, III.I.3 and III.I.4 of Revenue Administrative Order (RAO) No. 3-2014 dated November 5, 2014 and II.I.2 of RAO No. 5-2019 dated July 18, 2019 relative to the functions of the Assessment Section, Collection Section, Client Support Section and Compliance Section under the Revenue District Office (RDO) in the Revenue Region (RR).

II. AMENDMENTS

I. REVENUE DISTRICT OFFICE

1. Assessment Section

1.1. Prepares list of taxpayers recommended for audit for approval of the Commissioner;

1.2. Conducts field audit investigation/verification covering the following cases:

a. Automatically selected by the Audit Module;
b. Manually selected and approved by the Commissioner for audit;
c. Applying for cancellation of business registration and/or retirement or closure of business;
d. Applying for tax credit/refund other than VAT and those under the jurisdiction of Legal Division;
e. With post-review findings relative to One-Time Transaction (ONETT);

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f. Approved for re-investigation; and
g. Other cases that are covered by the directive of the Commissioner or his authorized revenue official;

1.3. Processes VAT Refund claims of taxpayers other than claims of direct exporters pursuant to Section 112 (A) of the National Internal Revenue Code (NIRC) of 1997, as amended (this applies to RRs without VAT Audit Section under the Assessment Division);

1.4. Prepares and submits reports of investigation with relevant supporting schedules and documents that shall comprise the audit case docket of taxpayers, to the reviewing office of the Regional Office;

1.5. Processes application for Certificates Authorizing Registration (CARs) arising from ONETT such as payment for capital gains tax on sale of real properties and shares of stocks, creditable withholding tax, documentary stamp tax pertaining to transfers of properties, estate tax, donor's tax;

1.6. Pre-audits Annual Information return (BIR Form No. 1604 CF and 1604 E with attachments such as Alphalist of Employees and Payees) and prepares computation of recommended tax deficiencies, if any, and endorses the same to concerned office for collection enforcement;

1.7. Identifies potential tax evaders and refers their cases to proper offices for investigation and prosecution;

1.8. Conducts ocular inspection for the determination of zonal value of real property within the concerned RDO's jurisdiction;

1.9. Validates discrepancies arising from Tax Reconciliation System (TRS) and RELIEF (Reconciliation Listing for Enforcement) Programs and recommends for the immediate audit or investigation of potential taxpayers based on the discrepancies noted;

1.10. Analyses stop-filers/non-filer cases of taxpayers under the Taxpayer Account Management Program (TAMP) to determine which are valid or not and endorses those that are invalid to the concerned office for closure, and handles the resolution of those determined as "valid Stop-filer cases";

1.11. Recommends issuance of Subpoena Duces Tecum (SDT) to taxpayers who are not complying with the "Notice for Presentation of Books", and with the submission of Summary List of Sales (SLS), Summary List of Purchases (SLP), Alphabetical List of Employees/Payees subject to Withholding Tax and other relevant document/records to be audited;

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1.12. Prepares report on Cannot Be Located (CBL) taxpayers that shall be recommended for publication;

1.13. Witnesses destruction of obsolete or expired inventories and prepares corresponding reports to the head of office for consolidation in audit or investigation of taxpayers;

1.14. Evaluates Declaration of Loss sustained from casualty or from robbery, theft or embezzlement submitted by taxpayer/s and prepares corresponding reports to the head of office for consolidation in audit or investigation of taxpayers;

1.15. Prepares replies to queries (on-line and walk-in) pertaining to the implementation of any tax related programs/ systems/processes;

1.16. Elevates to top management issues and problems encountered in the implementation of tax-related programs/systems and processes for resolution;

1.17. Conducts surveillance activities, inventory stocktaking and other related activities, in coordination with other concerned offices such as the Regional Investigation Division (RID), pursuant to a Mission Order issued by an authorized revenue official;

1.18. Conducts post-evaluation of Point of Sales (POS) and Cash Register Machines (CRM) granted permit by the Client Support Section;

1.19. Evaluates application for compromise settlement and/or abatement of taxes pursuant to Section 204 of the NIRC of 1997, as amended;

1.20. Assists the Client Support Section in the conduct of tax information dissemination and briefings of new revenue issuances;

1.21. Ensures the correctness of availment of tax exemptions/incentives of cooperatives pursuant to Republic Act No. 9520 and recommends revocation of Certificate of Tax Exemption (CTE) due to any irregularity, fraud and violation of any provisions of the National Internal Revenue Code of 1997, as amended, upon verification using existing applicable BIR revenue issuances;

1.22. Evaluates Board of Investments (BOI) Income Tax Holiday (ITH) dockets forwarded by the BOI thru Audit Information, Tax Exemption and Information Division (AITEID) of any income not subject to ITH and recommend the issuance of Letter of Authority (LA), if warranted;

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1.23. Assists in the conduct of Tax Compliance Verification Drive (TCVD); and

1.24. Performs other functions as may be assigned.

2. Collection Section

2.1. Monitors and supervises the collection of all internal revenue taxes within the jurisdiction of the RDO;

2.2. Reconciles Authorized Agent Bank (AAB) collections indicated in the Batch Control Sheet (BCS) against remittance or Consolidated Report of Daily Collection (CRDC) information transmitted by the concerned Bank Head Office;

2.3. Ensures that tax collections across all payments channels are timely and correctly uploaded /encoded in the Integrated Tax System-Collection and Bank Reconciliation (ITS-CBR) / Internal Revenue Integrated System – Collection Remittance and Reconciliation (IRIS-CRR);

2.4. Monitors, analyzes and resolves unpaid tax revenues based on the data on unpaid/partially paid tax returns with tax due provided by the Collection Performance Monitoring Division as extracted from the pertinent BIR systems by the Data Warehousing Systems and Operations Division;

2.5. Undertakes quality verification of notices, various correspondence, and ITS-CBR/IRIS-CRR to be issued to AABs and Revenue Collection Officers (RCOs);

2.6. Evaluates and acts on verified unpaid taxes due and other unpaid tax liabilities (e.g., unpaid 2nd installment payment due, unredeemed dishonored checks, unpaid tax due per return);

2.7. Supervises all RCOs assigned in the different cities/municipalities under the district's jurisdiction;

2.8. Reconciles the RCO collections reflected in the electronic Revenue Official Receipt (eROR)/ Revenue Official Receipt (ROR) and electronic Official Receipt (eOR)/ Official Receipt (OR) issued and the loose documentary stamps sold against the corresponding deposits made to the Authorized Government Depository Bank (AGDB);

2.9. Undertakes all the necessary actions and immediate coordination with the concerned revenue office and AAB/RCO to resolve the detected discrepancies;

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2.10. Monitors cash and forms accountabilities of RCOs and acts on any discrepancies in RCOs' reports;

2.11. Ensures that all tax payments are encoded in Mobile Revenue Collection Officer System (MRCOS);

2.12. Issues discrepancy notice to RCOs for compliance to collection and deposit requirements;

2.13. Evaluates response and recommends cases of RCOs with discrepancies to RID or Legal Division for further investigation and implementation of administrative sanctions, if necessary;

2.14. Analyzes and resolves suspended payment transactions based on reports generated/submitted by Revenue Data Center (RDC);

2.15. Assists the Compliance Section in searching and ascertaining the whereabouts of stop-filers falling under the district's jurisdiction, conducts ocular inspection of taxpayer's premises;

2.16. Prepares and maintains an up-to-date record of district collection reports required by Regional and National Offices;

2.17. Prepares the monthly General Control Ledger and all its attachments covering all self-assessed tax to be forwarded to the Arrears Management Section for collection enforcement for approval by the Head Office and for submission to the Accounts Receivable Monitoring Division;

2.18. Processes requests for the issuance of Tax Debit Memo (for RR Nos. 8A – Makati City and 8B – South NCR only);

2.19. Assists the Compliance Section in monitoring government offices and private entities relative to their compliance to the withholding tax system;

2.20. Maintains and updates list of Withholding Agents information;

2.21. Resolves non-TAMP invalid stop-filers/non-filers with payment and/or filing issues referred/endorsed by Assessment/Compliance Section; and

2.22. Performs other functions as may be assigned.

3. Client Support Section

3.1. Delivers fast, efficient and courteous frontline service to the taxpayers;

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3.2. Provides assistance to taxpayers in the district, such as answering of queries and distribution of forms and tax information materials, such as flyers, instruction booklets, etc.;

3.3. Undertakes tax information dissemination and education campaign in coordination with the Assessment Section and other concerned BIR offices;

3.4. Receives from taxpayers formal inquiries and all kinds of applications/requests for registration, permit, certificate, information updates and Tax Identification Number (TIN), together with the required documents;

3.5. Processes applications for taxpayer record update, modification of taxpayers' information, authority to print receipts and invoices, registration of books of accounts, application to use loose-leaf sales receipts and invoices, acknowledgement certificates for use of Computerized Accounting System and other registration requirements prescribed under BIR revenue issuances;

3.6. Processes applications for registration/cancellation of registration/ transfer of registration and generates corresponding certificates/notices;

3.7. Generates Tax Clearance Certificates for Business Closure upon recommendation of the Collection and Assessment Sections;

3.8. Distributes/issues to taxpayers all kinds of registration certificates/authorities and permits including, but not limited to, TIN Cards, Authority to Print and Certificate of Registration following the guidelines under existing revenue issuances;

3.9. Maintains a masterlist of all taxpayers within the RDO's jurisdiction;

3.10. Establishes an updated taxpayers' registration profile and information;

3.11. Coordinates and conducts briefings for new taxpayer registrants;

3.12. Inquires on the existence of taxpayer information in the BIR Registration Systems;

3.13. Provides internet facility and technical assistance to taxpayers who are availing of BIR e-services and other computer-assisted programs;

3.14. Acts on third party information gathered from government agencies, Local Government Units (LGUs), etc., relative to registration;

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3.15. Receives and processes applications for taxpayer's enrolment in the BIR registration systems and other online systems defined under existing revenue issuances;

3.16. Acts on stop-filer cases of non-TAMP taxpayers with registration issues referred by the Compliance Section; and

3.17. Performs other functions as may be assigned.

4. Compliance Section

4.1. Ensures/monitors compliance with tax rules and regulations by all taxpayers within the district office's jurisdiction;

4.2. Conducts Tax Compliance Verification Drive (TCVD) mapping operations to determine taxpayer's compliance to requirements of internal revenue laws and regulations and identify potential taxpayers within their jurisdiction which may require assistance from other concerned sections/offices, if the need arises;

4.3. Prepares required TCVD reports as prescribed under existing issuances;

4.4. Monitors compliance of taxpayers apprehended during the conduct of TCVD and refer to the Revenue District Officer any protest/appeal of the taxpayer in relation to the findings made;

4.5. Evaluates and analyses stop-filer/non-filer of non-TAMP taxpayers received, identifies valid/invalid cases, endorses the same to the concerned office and monitors its resolution. Invalid case with payment and/or filing issues shall be endorsed to the Collection Section while those due to registration errors shall be referred to the Client Support Section for resolution;

4.6. Monitors, evaluates and analyses inactive business taxpayers in coordination with concerned Sections of the RDO/BIR offices for accurate and timely classification/tagging of taxpayer's registration status in applicable BIR system database;

4.7. Receives, validates, and monitors taxpayer's submission and compliance with tax information requirements including but not limited to Summary Lists of Sales, Purchases and Importations (SLS/P/I)/RELIEF data and Alpha Lists of Payees/Employees and uploading thereof to the RDC;

4.8. Monitors and reminds taxpayers within its jurisdiction of the compliance and payment requirements of the Bureau which may require direct communication to taxpayers;

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4.9. Prepares and submits regular status reports to concerned BIR offices prescribed under existing revenue issuances regarding the level of compliance by type of taxpayers on the filing of tax returns and payment of the corresponding taxes, including the submission of information returns; and

4.10. Performs other functions as may be assigned.

III. REPEALING CLAUSE

All issuances or portions thereof not consistent with the provisions of this Order are hereby repealed or amended accordingly.

IV. EFFECTIVITY

This Order shall take effect immediately.

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue
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