REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

3:05 P.M.
JUL 18 2019
RECORDS MGT. DIVISION

July 18, 2019

REVENUE ADMINISTRATIVE ORDER NO. 5-2019

SUBJECT : AMENDMENT OF REVENUE ADMINISTRATIVE ORDER (RAO) NO. 3-2014 DATED NOVEMBER 5, 2014 DEFINING THE FUNCTIONS OF VAT AUDIT SECTION UNDER THE ASSESSMENT DIVISION, ARREARS MANAGEMENT SECTION UNDER THE COLLECTION DIVISION AND COLLECTION SECTION UNDER THE REVENUE DISTRICT OFFICE IN THE REGIONAL OFFICE

TO : All Internal Revenue Officials and Employees

I. OBJECTIVE:

This Order is issued to:

1. Prescribe/define the functions of the VAT Audit Section (VATAS) under the Assessment Division in the Regional Office;

2. Prescribe/define the functions of the Arrears Management Section (AMS) under the Collection Division in the Regional Office; and

3. Redefine the functions of Collection Section under the Revenue District Office (RDO) in the Regional Office as provided under RAO No. 3-2014 dated November 5, 2014.

II. FUNCTIONS:

B. Assessment Division

5. VAT Audit Section

5.1. Evaluates taxpayers' VAT compliance through pre-audit analysis of tax and information returns, as well as other data within the Bureau;

5.2. Conducts audit/investigation of VAT cases with focus on risk areas as documented in an audit plan and utilizing BIR's information technology;

5.3. Recommends the issuance of Subpoena Duces Tecum (SDT) for VAT cases in the event of taxpayers' non-submission of documents and records;

5.4. Conducts appropriate action on protested VAT cases relative to questions of fact;

5.5. Prepares and submits reports of investigation for issuance of Preliminary/ Final Assessment Notices;

5.6. Reviews taxpayers' voluntary compliance after audit; and

5.7. Performs other functions as may be assigned.

C. Collection Division

4. Arrears Management Section

4.1. Enforces collection of delinquent accounts resulting from final assessment and self-assessed tax, including final judgment on appealed cases, thru summary remedies emanating from the concerned offices within the jurisdiction of the Regional Office and submits corresponding report on the action taken thereon;

4.2. Coordinates with internal and external offices such as government agencies, private and foreign institutions, for purposes of securing information on the assets/properties of delinquent taxpayers that may be subjected to distraint or levy;

4.3. Evaluates the requests of delinquent taxpayers for availment of installment plan/agreement and submits written recommendations thereon, whether for denial or approval, for further review and denial/approval by the concerned authorized revenue official;

4.4. Monitors the compliance by all concerned delinquent taxpayers on their approved installment plan/agreement, and enforces the immediate action for the full recovery of the delinquent account, in case of the delinquent taxpayer's default;

4.5. Searches and determines the whereabouts of delinquent taxpayers falling under the Region's jurisdiction by locating their respective registered and/or actual present addresses;

4.6. Coordinates with the Legal Division of the Regional Office in filing criminal/civil cases against delinquent taxpayers to properly enforce collection of their outstanding tax liabilities;

4.7. Classifies Accounts Receivable/Delinquent Account (AR/DA) cases according to the established case prioritization methodology for purposes of identifying cases that require priority actions;

4.8. Prepares and serves Preliminary Collection Letters (PCL), Final Notice before Seizure (FNBS), Warrants of Distraint and Levy (WDL), Warrants of Garnishment (WG), Notice of Levy (NOL) and/or Notice of Tax Lien (NTL) and Notice of Encumbrance (NOE) for delinquent taxpayers within its jurisdiction;

4.9. Monitors the replies of banks regarding issued WGs;

4.10. Serves and executes writs of executions issued by the Court of Tax Appeals and other courts and submits corresponding report of the action taken thereon to the Legal Division;

4.11. Institutes necessary actions for the release of proceeds from garnished/distrained/levied properties of delinquent taxpayers by concerned parties;

4.12. Recommends the lifting/cancellation of the WDLs, WGs, NTLs, NOL and NOE in favor of the delinquent taxpayers within its jurisdiction, and processes the same upon approval thereof by the duly authorized revenue official, pursuant to the existing laws, guidelines, policies and procedures;

4.13. Conducts the actual or constructive seizure of personal properties from the delinquent taxpayers and/or concerned third parties having actual possession of or control over the properties;

4.14. Conducts ocular inspection of levied and/or distrained properties to ascertain their respective physical existence and conditions, as well as the potential values and the marketability thereof, for purposes of determining whether or not the same are already sufficient to fully satisfy the delinquent account and that there is no longer a need to scout for other properties to be subject to summary remedies;

4.15. Acts as the temporary custodian of the seized/forfeited properties under their jurisdiction prior to disposition thereof, in accordance with existing policies and guidelines;

4.16. Consolidates the titles of forfeited properties under the jurisdiction of the region (*for non-Mega Manila regions only*) as a result of a "tax sale" in favor of the government, in coordination with the Forfeited Assets Management Unit (FAMU), Collection Service;

4.17. Scouts for interested buyers of forfeited assets (*for non-Mega Manila regions only*) and evaluates their corresponding offers for negotiated sales thereof, and submits recommendations thereon to the FAMU under the Collection Service for the conduct of further review/evaluation;

4.18. Forwards to the FAMU, Collection Service, within the prescribed period, all AR/DA dockets wherein the corresponding NOL and NTL covering the seized properties were already served and/or duly annotated by the concerned government regulatory office (e.g. Register of Deeds, Land Transportation Office, etc.), for the necessary review prior to the conduct of auction sale of the seized properties;

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4.19. Prepares the monthly General Control Ledger and all its attachments covering all AR/DA cases handled by the Section for collection enforcement, and submits for approval by the Head of Office;

4.20. Prepares the Monthly Consolidated Warrant of Distraint and/or Levy and all its attachments covering all AR/DA cases handled by the section for approval of the Head of Office;

4.21. Maintains the updated database/records of the Section:

4.21.1. Registry Book of Issued WDLs emanating from the Section; and

4.21.2. All applications for installment payments received, acted upon, and still pending evaluation with the concerned Division, including the outstanding balance per approved application;

4.22. Records applications for compromise settlement/abatement of penalties, and updates the same every time action thereon is done;

4.23. Updates pertinent information in the Accounts Receivable Monitoring System (ARMS), prescribed AR/DA Spreadsheets, AR/DA History Sheets, etc.;

4.24. Maintains updated inventory and records of distrained, levied and seized properties of taxpayers under its jurisdiction;

4.25. Conducts analysis and profiling of AR/DA data for purposes of determining the most appropriate strategies that will be applied to effectively collect the delinquent accounts;

4.26. Prepares prescribed reports for submission to top management and other concerned offices;

4.27. Coordinates with other concerned offices in the implementation of the abovementioned functions; and

4.28. Performs other functions as may be assigned.

I. **Revenue District Office**

2. Collection Section

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

2.2. Reconciles payment against remittance information submitted by AAB-Br/Bank Head Office and RCOs;

2.3. Undertakes quality verification of notices, various correspondence and ITS-generated reports to be issued to AABs and RCOs;

2.4. Evaluates, acts and recommends on taxpayer's request for compromise settlement, abatement of penalties and/or payment on installment basis;

2.5. Keeps and maintains history cards (BIR Form No. 27.06) to record all actions taken on each docket or case;

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

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

2.8. Encodes all payments, deposit slips and dishonored checks received from RCOs;

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

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

2.11. Analyzes and resolves suspended payment transactions based on reports generated/submitted by RDC;

2.12. Searches and ascertains the whereabouts of stop-filers falling under the district's jurisdiction, conducts ocular inspection of taxpayer's premises;

2.13. Processes requests for installment payment of tax liabilities and maintains installment plan;

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

2.15. 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;

2.16. Processes requests for the issuance of Tax Debit Memo;

2.17. Monitors government offices and private entities relative to their compliance to the withholding tax system;

2.18. Updates taxpayers/WAs on withholding tax information;

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2.19. Refers unresolved cases to the Assessment Section for further action; and

2.20. 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.

CAESAR R. DULAY
Commissioner of Internal Revenue

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Approved:

CARLOS G. DOMINGUEZ
Secretary of Finance
JUL 03 2019

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RECEIVED
3:05 P.M.
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