REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

October 21, 2016

REVENUE MEMORANDUM CIRCULAR NO. 111-2016

SUBJECT : Reiteration of the Procedures Relative to Issuance of Subpoena Duces Tecum, and Submission of Reports of Investigation/Verification on Tax Cases/Dockets to the Reviewing Office

TO : All Internal Revenue Officers and Others Concerned

This Circular is hereby issued to clarify and accordingly reiterate the procedures relative to issuance of Subpoena Duces Tecum (SDT), and submission of reports of investigation/verification on tax cases/dockets to the reviewing Office.

One of the powers of the Commissioner under Section 6 of the National Internal Revenue Code of 1997 ("Tax Code"), as amended, is to authorize the examination of any taxpayer for the purpose of assessing the taxpayer's correct internal revenue tax liabilities. However, the issuance of an assessment must be made, generally, within the three (3)-year prescriptive period or, exceptionally, within the ten (10)-year prescriptive period pursuant to Sections 203 and 222, respectively, of the Tax Code, as amended.

In this statutory context of prescription, when the taxpayer fails to present or submit his books of accounts and/or pertinent records, or to account for all sales/receipts/invoices and to substantiate all or any of the deductions, exemptions or credits claimed in his return, there are instances when jeopardy assessments, issued basically to comply with the prescriptive period, are resorted to by our Revenue Officers. To prevent the issuance of such assessments, the procedures for the issuance and enforcement of SDTs, as prescribed under Revenue Memorandum Order No. 10-2013, as amended by RMO No. 8-2014, must be strictly observed by all concerned to compel taxpayers to submit or otherwise present the required books, records and documents.

Likewise, to ensure that the Bureau is not deprived of its right to assess and collect the correct amount of tax or any deficiency taxes so assessed, a tax docket with deficiency tax collections/assessments shall be transmitted by the investigating office to the reviewing/approving official not later than sixth months prior to prescription date (e.g., if the income tax case will prescribe on April 15, 2017, the docket should have been transmitted on October 15, 2016). The reviewing/approving official shall not accept any tax docket after the aforesaid period, unless a duly accomplished "waiver form" is attached thereto.

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

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CAESAR R. DULAY
Commissioner of Internal Revenue

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