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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

BAGONG PILIPINAS

MAR 04 2026

REVENUE MEMORANDUM CIRCULAR NO. 014-2026

SUBJECT : CLARIFYING REVENUE MEMORANDUM CIRCULAR (RMC) NO. 8-2026 ON THE LIFTING OF THE SUSPENSION OF TAX AUDIT AND FIELD OPERATIONS, REVENUE MEMORANDUM ORDER (RMO) NO. 1-2026, AND RMO NO. 6-2026 ON THE IMPLEMENTATION OF REVISED AUDIT POLICIES, PROCEDURES, AND SAFEGUARDS

TO : All Internal Revenue Officials, Employees, and Others Concerned

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This Circular clarifies specific provisions of RMC No. 8-2026, RMO No. 1-2026, and RMO No. 6-2026.

1. AUTHORIZED AUDIT AND VERIFICATION INSTRUMENTS

Q1: Does the issuance of a Replacement electronic Letter of Authority (eLA) due to reassignment of Revenue Officers constitute a new audit authority requiring separate Commissioner of Internal Revenue (CIR) approval?

A1: No. Under Section IV(A)(c) and Section V(D) of RMO No. 1-2026, a Replacement eLA issued solely to maintain continuity of audit authority — those arising from reassignment of Revenue Officers or organizational restructuring — is an administrative adjustment and shall not be construed as an issuance of a new audit authority.

Jurisprudence supports both the validity and necessity of issuing a new or amended Letter of Authority (LOA) when there is a reassignment, substitution, or transfer of a Revenue Officer. ***In Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp. (G.R. No. 242670, May 10, 2021)***, the Supreme Court ruled that a substitute or replacement Revenue Officer may validly continue an audit or investigation only upon the issuance of a Replacement LOA.

Further, where the original LOA/eLA was validly issued and the taxpayer, taxable period, and scope remain unchanged, the Replacement eLA merely preserves and continues the existing audit authority. It does not trigger the system-assisted selection and centralized approval requirements applicable only to new audit initiation under Section VI of RMO No. 1-2026.

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Q2: **What is the effect of RMO No. 1-2026 on LOA/eLA issued prior to its effectivity?**

A2: All LOAs/eLAs issued prior to the effectivity of RMO No. 1-2026 remain valid and enforceable, provided that they were issued in accordance with the laws, rules, and regulations existing at the time of issuance. The Single-Instance Audit Framework is prospective and does not invalidate prior audit authorities.

However, previously issued LOAs/eLAs may be replaced where warranted under RMO No. 1-2026. In these instances, the Replacement eLA does not create a new audit authority; it reflects consolidation or transition due to reassignment, substitution, or transfer of a Revenue Officer consistent with RMO No. 1-2026.

Q3: **Will all existing LOAs/eLAs, Mission Order (MO), and Tax Verification Notice (TVN) issued prior to the effectivity of RMO No. 1-2026 require mandatory labeling?**

A3: No. LOAs/eLAs, MOs, and TVNs issued prior to the effectivity of RMO No. 1-2026 that are not subject to replacement under said RMO are not required to bear the mandatory labels. Such instruments remain valid and enforceable and shall continue to be implemented. The mandatory labeling is intended to emphasize the scope of authority of an audit instrument and not to define the scope of authority. However, any subsequent audit actions undertaken after the effectivity of RMO No. 1-2026 must comply with the applicable policies, safeguards, and procedural reforms under the revised framework, including observance of due process requirements.

Q4: **Can the scope of verification under an issued TVN be expanded if the Revenue Officer discovers indications of significant underreporting, irregularities, or broader tax issues during the verification?**

A4: No. A TVN is limited to the specific transaction or claim stated therein. Its scope cannot be expanded beyond what is expressly stated in the notice. If the findings from the verification suggest possible broader tax issues that warrant full audit, *the Revenue Officer must secure a separate eLA before any further audit activity is conducted.*

Q5: **Can a Replacement eLA lawfully expand the audit to cover new taxable period(s) not included in the original LOA/eLA?**

A5: No. A Replacement eLA issued for purposes of continuity, consolidation, or administrative realignment due to reassignment, substitution, or transfer of a Revenue Officer under RMO No. 1-2026 is strictly limited to the same taxpayer and the same taxable period(s) covered by the subsisting LOA(s)/eLA(s).

If additional taxable period(s) are to be examined, such coverage must undergo the system-assisted taxpayer selection and centralized approval process under Section VI of RMO No. 1-2026. Absent compliance with that process, any purported expansion is outside the permissible scope of a Replacement eLA.

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Q6: **Will the filing of a letter notice questioning the validity, propriety, or issuance of a Replacement eLA suspend or delay the audit?**

A6: No. The filing or receipt of any communication assailing the validity of the Replacement eLA shall not suspend, interrupt, or delay audit and investigation procedures, nor divest duly authorized Revenue Officers of their authority to examine the taxpayer's books and records. The audit and assessment process shall proceed in accordance with existing laws, rules, and regulations.

Further, the National and Regional Offices shall not entertain communications questioning the validity of duly issued Replacement eLAs issued solely to maintain continuity of audit authority pursuant to RMO No. 1-2026, for as long as:

a) the original LOA(s)/eLA(s) were validly issued;
b) the taxpayer, taxable period(s), and authorized scope remain unchanged; and
c) there is no expansion of taxable period coverage or scope beyond that authorized under the original LOA(s)/eLA(s).

2. SINGLE-INSTANCE AUDIT FRAMEWORK

Q7: **If a taxpayer has two existing eLAs — one issued by the RDO and another issued by a Value-Added Tax (VAT) unit or section— covering the same taxable period, how will these be treated under RMO No. 1-2026?**

A7: These eLAs shall be subject to automatic consolidation into a single replacement eLA pursuant to RMO No. 1-2026, since multiple eLAs covering the same taxpayer and taxable period are generally not allowed. However, if the taxpayer files a timely ***Request for Non-Consolidation of VAT cases*** on or before March 13, 2026, the affected eLAs may proceed separately but only until May 15, 2026. Thereafter, or beginning May 18, 2026, all pending eLAs shall be consolidated and may no longer continue independently.

Q8: **During the transition to the Single-Instance Audit Framework, how will tax liabilities that were assessed and already paid be treated if a subsequent or Replacement eLA is issued for the same taxable period?**

A8: During the transition to the Single-Instance Audit Framework under RMO No. 1-2026, tax liabilities that have been assessed and already paid prior to the issuance of a Replacement eLA shall be recognized as settled for the specific taxable period and tax type covered by such assessment. Such liabilities shall be treated as closed for purposes of the transition and shall not be re-assessed under the Replacement eLA, absent any legal ground under existing laws and regulations. Accordingly, the Replacement eLA shall proceed only with respect to the remaining unsettled tax types or issues for the same taxable period.

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3. SYSTEM-ASSISTED AUDIT INITIATION AND eLA ISSUANCE

Q9: **Can the audit selection criteria be modified?**

A9: Yes, the audit selection criteria are subject to periodic review. The CIR has the authority to add, modify, or replace audit selection criteria to align with the Bureau

of Internal Revenue (BIR)'s evolving revenue goals and compliance strategies. Any such modifications shall be implemented strictly through the system-assisted selection process, ensuring that all subsequent eLAs are generated based on the most current and approved risk criteria.

Q10: **If an informer or another government agency submits verified information showing potential tax abuses, can they request the BIR to subject that specific taxpayer to an audit?**

A10: Yes, verified information or complaints may serve as a basis for an audit, but it must be processed strictly in accordance with Revenue Regulations No. 16-2010. Unlike generic third-party data, a verified complaint from an informer constitutes "Confidential Information" which requires a specific legal evaluation. It must be endorsed for preliminary investigation to determine prima facie findings of fraud, rather than being subjected to standard system-assisted audit selection criteria.

4. CONSOLIDATION OF PENDING AUDITS

Q11: **What are the important dates to remember for purposes of consolidation?**

A11:

a) **March 13, 2026** – Deadline for taxpayers to file a written request for non-consolidation of VAT audit cases.

b) **March 20, 2026** – Automatic consolidation of pending LOA/eLA covering the same taxpayer and taxable period, where multiple LOAs/eLAs exist, except where a timely request for non-consolidation has been duly filed.

c) **May 15, 2026** – Deadline for VAT audit section (VATAS) and Large Taxpayers VAT unit (LTVAU) to review, organize, and prepare all ongoing audits and assessments for transfer to the appropriate regular offices of the BIR, in accordance with RMO No. 1-2026.

d) **May 18, 2026** – All pending LOAs/eLAs covering the same taxpayer and taxable period, where multiple LOAs/eLAs exist and which were previously allowed to proceed separately, shall be automatically consolidated. Where only one LOA/eLA exists, no consolidation shall take place; however, such cases shall be transferred to the appropriate regular offices pursuant to RMO No. 1-2026.

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Q12: **Does consolidation apply if there is only one LOA/eLA?**

A12: No. Consolidation applies only when there are multiple pending LOAs/eLAs covering the same taxpayer and same taxable period. Where only one LOA/eLA exists, no consolidation action is required. In such case, the taxpayer is not required to file a Request for Non-Consolidation.

Q13: **In cases where multiple LOAs/eLAs cover the same taxpayer and same taxable period, how are such LOAs/eLAs treated if a timely Request for Non-Consolidation of VAT cases was filed on or before March 13, 2026?**

A13: Where a timely request for non-consolidation has been filed and received, the affected LOAs/eLAs may proceed separately until May 15, 2026. Thereafter, or beginning May 18, 2026, all pending LOAs/eLAs shall be consolidated in accordance with RMO No. 1-2026 and its supplemental rules.

Q14: **How are audit findings developed prior to consolidation but not yet assessed treated?**

A14: Audit findings developed prior to consolidation but not yet assessed shall continue to be evaluated, completed, and acted upon under the Replacement eLA. Re-issuance of prior notices shall not be required, unless the audit findings are materially changed in a manner that affects the factual or legal basis of the assessment, in which case the applicable due process requirements under existing issuances shall be observed.

Q15: **Does the Replacement eLA issued pursuant to RMO No. 1-2026 require service upon the taxpayer anew?**

A15: Yes. The Replacement eLA must be properly issued and served upon the taxpayer in accordance with existing rules and procedures on service.

Q16: **If a taxpayer has executed a Waiver of the Defense of Prescription under a LOA/eLA that is subsequently replaced, is the execution of a new waiver required?**

A16: No, the existing waiver remains valid and binding. All acts performed and records generated under the replaced LOA/eLA preserve their legal effect and are deemed part of the continuing audit process. The Replacement eLA is merely issued "for the continuation of audit". Consequently, the replacement does not interrupt the audit timeline, and the original waiver continues to toll the statute of limitations without the need for a new execution.

Q17: **What is the status of Checklist of Requirements, Notices, or Subpoenas Duces Tecum (SDT) previously issued under a LOA/eLA that has been cancelled and replaced?**

A17: They remain valid and enforceable. The issuance of a Replacement eLA does not invalidate prior audit actions. As the new eLA is issued specifically "for the continuation of audit", all subpoenas and document requests issued under the subsumed LOA/eLA are deemed continued by the Replacement eLA. The taxpayer is still legally obligated to comply with these outstanding requests, and all records previously submitted shall form part of the consolidated official audit docket.

Q18: **What is the effect of a Request for Non-Consolidation filed beyond the prescribed deadline?**

A18: Requests filed beyond the prescribed deadline shall not be allowed, and automatic consolidation shall proceed in accordance with RMO No. 1-2026 and its supplemental rules.

5. TRANSFER AND DISSOLUTION OF VAT AUDIT OFFICES AND TASK FORCES

Q19: **May VATAS and LTVAU continue processing pending audit cases?**

A19: Yes, but only until May 15, 2026. Pending audit and assessment cases may continue to be processed up to May 15, 2026, subject to the consolidation framework and safeguards under RMO No. 1-2026. Thereafter, VATAS and LTVAU shall no

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longer undertake audit functions, except for VAT refunds, and shall proceed with the winding-up of operations until May 29, 2026. Where automatic consolidation applies — that is, where multiple eLAs covering the same taxpayer and taxable period exist — the affected eLAs shall be governed by the consolidation rules and shall no longer proceed independently.

Q20: **What are the turnover and documentation requirements when the VAT Audit Offices and task forces are dissolved?**

A20: Upon dissolution, all case dockets, evidence, working papers, and issued-but-unserved processes must be inventoried and formally turned over to the receiving office or the appropriate regular/investigative office with an acknowledged transmittal.

All internal revenue officers and employees are hereby enjoined to follow, observe and give this Revenue Memorandum Circular as wide a publicity as possible.

This Circular shall take effect immediately.

CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue

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