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

April 22, 2014

REVENUE MEMORANDUM CIRCULAR NO. 30-2014

SUBJECT	:	Strict Monitoring on the Redemption of Dishonored Checks Received and Prompt and Regular Submission of the Reports on Dishonored Checks Received/Redeemed to the Concerned Offices
TO	:	All Internal Revenue Officials, Employees and Others Concerned

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It has been observed that the balances of outstanding dishonored checks continued to increase over the years in the Bureau's books of accounts due to the failure of the concerned Offices to strictly adhere to the policies and guidelines prescribed under Revenue Memorandum Order (RMO) No. 25-2001 dated October 16, 2001, Section 80 of the Government Accounting and Auditing Manual (GAAM), and Operations Memorandum No. 11-09-001 dated September 22, 2011.

To ensure that all concerned officials and employees are properly and regularly monitoring the acceptance of dishonored checks and the redemption thereof, certain policies embodied in Section II and procedures in Section III - D, E, F, & H of RMO No. 25-2001 are hereby reiterated for strict implementation of and compliance by all the concerned Offices:

" x x x

II. **Policies:**

x x x

3. *Checks which were dishonored due to "Account Closed" shall be forwarded to the Legal Division of the Regional Office or to the Legal Service of the National Office (for large taxpayer and excise taxpayer) for filing of a court case against the taxpayer for violation of Batas Pambansa (B.P.) Blg. 22 (Anti-Bouncing Check Law). The corresponding tax return, payment form or docket should be forwarded to the collection group for collection enforcement.*

4. *Dishonored check cases shall not be the subject of any compromise settlement.*

5. *The Chief, Collection Section of the RDO shall be responsible for safekeeping the original dishonored check submitted by the AAB branch as well as the sending of collection letter and the execution of the appropriate summary remedies.*

x x x

III. Procedures:

x x x

D. Computerized Revenue District Offices

Collection Section:

x x x

5. *a) Send Notice of Dishonor to taxpayer; and*

   b) Forward the dishonored checks of "Account Closed/Insufficient Fund Account" cases to the Legal Division, thru the Collection Division of the Regional Office;

6. *a) Compute the corresponding penalties for late payment, if the taxpayer responds and agrees to redeem the dishonored check; and*

   *b) Issue a payment form in three (3) copies specifying that **only cash or cashier's/manager's check shall be accepted** to redeem the dishonored checks;*

7. *Issue a Collection Letter (Annex "C") based on recomputed collectible amount to the taxpayer advising him/her of the dishonored check, if the taxpayer fails to respond to the Notice;*

8. *Issue Warrant of Distraint, Levy and/or Garnishment/Notice of Tax Lien against the taxpayer, if necessary;*

9. *Forward to Legal Division through the Collection Division of the Regional Office the dishonored check, if legal action is necessary;*

10. *Prepare report of action taken / progress report using the case notes facility of CMS. (Note: The Collection Head should monitor the progress or action taken on dishonored check cases assigned to a case officer);*

11. *a) Print and **submit to the Revenue Accounting Division (RAD)** a Monthly List of Dishonored Checks Received within fifteen (15) days of the following month; and*

x x x

12. *Print and **submit to RAD a Monthly List of Dishonored Checks Redeemed** (BIR Form 12.61), within fifteen (15) days of the following month.*

13. *Print and submit to the Assistant Commissioner (ACIR), Collection Service, copy furnished the Regional Director, a Monthly Status Report of Dishonored Check Received; and*

14. *Receive monthly progress report of dishonored check cases filed in court by the Legal Division.*

E. Non-Computerized Revenue District Office

Collection Section:

x x x

3. *Forward BIR Form 12.58, together with the original copies of Dishonored Check/s, if reason for dishonor is due to "Account Closed/Insufficient Fund Account", to the Collection Division of Regional Offices;*

x x x

6. a) *Compute the corresponding penalties for late payment, if the taxpayer responds and agrees to redeem the dishonored check; and*

   b) *Issue a payment form in three (3) copies specifying that **only cash or cashier's/manager's check shall be accepted to redeem the dishonored check/s;***

7. *Issue a Collection Letter (Annex "C") based on recomputed collectible amount to the taxpayer advising him/her of the dishonored check, if the taxpayer fails to respond to the Notice;*

8. *Issue Warrant of Distraint, Levy and/or Garnishment/Notice of Tax Lien against the taxpayer, if necessary;*

9. *Forward to Legal Division through the Collection Division of the Regional Office the dishonored check, if legal action is necessary;*

10. a) *Prepare and **submit to the RAD a Monthly List of Dishonored Checks Received (Annex "D") within fifteen (15) days of the following month;***

    b) *Attach to the Monthly List of Dishonored Checks xerox copy/ies of the dishonored check/s, if reason for dishonor is one of the following:*

       b.1. accommodation check
       b.2. post-dated check
       b.3. stale check

b.4. unsigned check
b.5. out-of-town check
b.6. account closed
b.7. insufficient fund account
b.8. all other reasons

11. *Prepare and **submit to RAD the Monthly List of Dishonored Checks Redeemed/BIR Form 12.61** (See Annex "E") within fifteen (15) days of the following month;*

12. *Prepare and submit to ACIR, Collection Service, copy furnished the Regional Director, a Monthly Status Report on Dishonored Check Received using Annex "F"; and*

13. *Receive monthly progress report on dishonored check cases filed in court by the Legal Division.*

F. Regional Office

Collection Division:

x x x

2. *Forward to the Legal Division BIR Form 12.58, together with the original check/s dishonored due to "Account Closed/Insufficient Fund Account" for filing of a case in court against the taxpayer;*

3. *Receive from the RDOs Monthly Status Report on Dishonored Checks Received (Annex "F"); Monitor status of dishonored check cases; and*

4. *Receive monthly progress report on dishonored check cases filed in court from the Legal Division; Monitor status of dishonored check cases filed in court by the Legal Division.*

x x x

G. Revenue Data Center

x x x

2. *Upload dishonored check data into ITS; and*

x x x

H. Legal Division

x x x

2. *File a case in court against the taxpayer for violation of B.P. Blg. 22 (Anti-Bouncing Check Law); and*

3. *Prepare and submit to the ACIR, Collection Service **Attn. The Chief RAD**, copy furnished the RDO and the Regional Office, a monthly progress report on dishonored check cases filed in court (See Annex "G").*

x x x "

All internal revenue officials and employees are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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