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

April 27, 2007

REVENUE MEMORANDUM CIRCULAR NO. 32 - 2007

SUBJECT : **Circulating the Memorandum of the Commissioner of Internal Revenue (CIR) on the New Paradigm in Meeting Collection Target dated April 26, 2007**

To : **All Revenue Officials and Personnel, and Others Concerned**

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Circularized hereunder is the Memorandum of the undersigned dated 26 April 2007 issued for the strict compliance of all internal revenue officials and employees, in relation to the new paradigm mandated on the Bureau of Internal Revenue in meeting its collection target, to wit:

"MEMORANDUM

TO : ALL INTERNAL REVENUE OFFICIALS AND EMPLOYEES

SUBJECT: NEW PARADIGM IN MEETING COLLECTION TARGET

DATE : April 26, 2007

In view of the new paradigm mandated to the Bureau by the Secretary of Finance that the annual collection target must be met regardless of the realization of the underlying assumptions and that shortfalls in the projections must be compensated by collections from other sources, the following must be strictly observed:

1. All claims for exemptions, cash refunds and issuance of tax credit certificates (TCCs) must be strictly evaluated. Any doubt must be resolved in favor of the government.

- Claims for Exemptions

➢ The delegated authority of the Regional Directors to sign rulings that involve grants of tax exemptions shall now be approved and signed by the Assistant Commissioner – Legal Service.

However, the Deputy Commissioner – Legal and Inspection Group shall be furnished with copies of the signed/issued rulings.

- The delegated authority of the Assistant Commissioner – Legal Service to sign rulings that involve grants of tax exemptions shall now be approved and signed by the Deputy Commissioner – Legal and Inspection Group. However, the OCIR shall be furnished with copies of the signed/issued rulings.

- Claims for Cash Refunds/TCCs
  - All claims must be resolved expeditiously.
  - All reports granting the claims involving the amount of One Million (P1M) Pesos and above but not more than Ten Million (P10M) Pesos must be cleared with the Deputy Commissioner – Operations Group as the final approving official.
  - All reports granting the claims involving an amount that is above Ten Million (P10M) Pesos must be cleared with the Commissioner as final approving official. Reports of these claims need not be coursed through the Office of the Deputy Commissioner – Operations Group.

The foregoing changes to the signatories to the rulings granting exemptions, and grants of claims for cash refunds/TCCs shall be effective until such time that the Commissioner of Internal Revenue issues an order reverting the same to the original designated signatories.

2. All periods in the audit and assessment process must be scrupulously observed as prescribed in RMO No. 11-2006. There should be no prolonged and unnecessary discussions and negotiations with the taxpayers. The process must be expeditiously brought to the PAN/FAN stage.

3. All protests on PANs/FANs not containing substantial issues must be immediately acted upon and summarily denied without any prolonged or elaborate discussion. The process must be expeditiously brought to the payment stage, unless the taxpayer elects to go to court.

4. The load of each Revenue Officer - Assessment as fixed under RMO No. 11-2006 is increased from 20 to 30 cases as at any one time.

5. Tax mapping operations (e.g., TCVD) and third party information mining should be intensified to add new taxpayers to the rolls of taxpayers and enhance voluntary compliance. Progress reports required below shall include a list of new taxpayers added per Revenue District Office (RDO).

6. Pay attention and give audit priority to those businesses which are apparently earning more revenues this year, such as but not limited to, the following:

- hotels and other tourism-related establishments, stockbrokers, lessors/lessees and sellers/dealers/buyers/brokers of real properties, mining companies, TV stations, advertising companies, recruitment agencies;

- hospitals, clinics, medical and dental laboratories;

- business agents and their clients reporting no payment returns;

- professionals like doctors, lawyers, accountants, etc.;

- government contractors;

- duly identified top 10,000 private corporations under RR No. 17-2003.

- taxpayers reporting exempt, net loss/no operations in their filed returns.

7. Close establishments violating the provisions of the Tax Code.

8. Expedite the generation of discrepancy report of sales and purchases reported by taxpayers through their Summary Lists of Sales and Purchases (SLSP).

9. Expedite the database registration clean-up and build-up.

10. Intensify collection of Accounts Receivable by expediting issuance warrants of distraint and/or levy, and initiate an exhaustive audit of accounts that are closed in the Integrated Tax Systems (ITS).

11. Strictly monitor the returns of stop/non-filer taxpayers.

12. Intensify the stocktaking and surveillance activities on business establishments.

13. Intensify the development of fraud cases as prescribed under RMC No. 40-2006.

14. Intensify campaign for taxpayers to avail of the present programs of the Bureau pertaining to the Improved Voluntary Assessment Program under RR No. 18-2006, and the one-time administrative abatement under RR No. 3-2007.

15. Initiate necessary proceedings against erring financial officers/tax practitioners pursuant to RMC No. 31-2007.

Progress reports on actions taken and results thereon on the foregoing initiatives shall be submitted on a monthly basis to the undersigned every 15th day of each following month, starting on 15 June 2007. The performance of all concerned shall be strictly evaluated and shall be used, among others, as basis for the reshuffle and transfers of officials and employees concerned.

Any and all existing issuances which may be inconsistent with any of the foregoing are hereby considered amended accordingly.

(SGD.) JOSE MARIO C. BUÑAG
Commissioner"

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

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue