REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

October 9, 2007

REVENUE MEMORANDUM CIRCULAR NO. 71-2007

SUBJECT : Circularizing the Full Text of Executive Order No. 646, on the Accessibility of Information on Taxpayers Between the Bureau of Internal Revenue and the Local Government Units for Tax Collection Purposes.

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

For the information and guidance of all concerned, quoted hereunder is the full text of Executive Order No. 646 issued by the President of the Philippines on August 3, 2007.

"Executive Order No. 646

ACCESSIBILITY OF INFORMATION ON TAXPAYERS BETWEEN THE BUREAU OF INTERNAL REVENUE AND THE LOCAL GOVERNMENT UNITS FOR TAX COLLECTION PURPOSES

WHEREAS, information on taxpayers is vital to the effective collection of taxes by both the national government and the local government units;

WHEREAS, the Bureau of Internal Revenue (BIR) and the Local Government Units (LGUs) can help each other in their collection efforts through accessibility of information that they have on record as regards their respective taxpayers;

WHEREAS, in order to ascertain the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, Section 5 (B) of the National Internal Revenue Code of 1997 (NIRC) empowers the Commissioner of Internal Revenue to obtain on a regular basis from, among others, any office or officer of the local governments any information such as, but not limited to, costs and

volume of production, receipts or sales, and gross income of taxpayers;

WHEREAS, Section 270 of the NIRC penalizes any BIR officer or employee who divulges information regarding the business, income, or estate of any taxpayer, the secrets, operation, style or work, or apparatus of any manufacturer or producer, or confidential information regarding the business of any taxpayer, knowledge of which was acquired by him in the discharge of his official duties;

WHEREAS, as an exception to Section 270 of the NIRC, Section 171 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, provides that records of the revenue district office of the BIR shall be made available to the local treasurer, his deputy or duly authorized representative for the purpose of ascertaining, assessing, and collecting the correct amount of local taxes, fees or charges.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. LGUs' Access to Records/Information. - In order to ascertain, assess, and collect the correct amount of local taxes, fees or charges, the BIR records pertaining to any person, partnership, corporation or association subject to local taxes, fees, and charges shall be made available to the local treasurer, his deputy or duly authorized representative.

Section 2. BIRs' Access to Records/Information. - For the purpose of ascertaining the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, the LGUs, upon proper request of the Commissioner of Internal Revenue or his duly authorized representative, shall provide the BIR with any information such as, but not limited to, costs and volume of production, receipts or sales, and gross incomes of taxpayers.

Section 3. Utilization of Records/Information. - The LGUs' access to records of, or information provided for by, BIR and vice versa shall be utilized for the aforementioned purposes only, and shall not be used for any other purpose, or disclosed to unauthorized persons.

Section 4. Guidelines. - The Department of Finance shall prepare and issue the necessary guidelines for the effective implementation of this Executive Order, with due regard to the security of taxpayers' information.

Section 5. Administrative Penalty. - Failure on the part of the BIR and the LGUs to comply with the directives under this Executive Order shall make them liable for administrative sanction pursuant to existing laws, rules and regulations.

Section 6. Repealing Clause. - If any provision of this Executive Order is declared invalid, the remainder thereof shall not be affected thereby.

Section 7. Separability Clause. – All laws, decrees, and orders, or parts thereof, inconsistent therewith are deemed repealed or modified accordingly.

Section 8. Effectivity. – This Executive Order shall take effect immediately.

DONE in the City of Manila, this 3rd day of August in the year of Our Lord, Two Thousand and Seven.

(Original Signed)
GLORIA MACAPAGAL-ARROYO

By the President:

(Original Signed)
EDUARDO R. ERMITA
Executive Secretary"

All concerned are hereby enjoined to be guided accordingly and give this circular a wide publicity as possible.

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue