BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
12:05 P.M.
JUL 18 2016
RECEIVED

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Quezon City

July 15, 2016

REVENUE MEMORANDUM CIRCULAR NO. 75-2016

SUBJECT : **Clarification on Certain Issues regarding Revenue Memorandum Circular (RMC) No. 70-2016**

TO : **All Revenue Officials, Employees and Other Concerned**

This Circular is being issued to clarify certain issues regarding Revenue Memorandum Circular (RMC) No. 70-2016.

Q1. RMC No. 70-2016 provides that all field audit and other operations of the Bureau of Internal Revenue (BIR) relative to examinations and verifications of taxpayers' books of accounts, records and other transactions are ordered suspended until further notice and no written orders to audit and/or investigate taxpayers' internal revenue tax liabilities shall be issued and/or served except for some cases like investigation of cases prescribing on or before October 31, 2016. What are the cases covered by this exception?

A1. The issue of prescription is crucial to the assessment and collection function. There is no uniform date for the reckoning of the prescriptive period for all types of taxes. Considering the different periods for the filing of various tax returns, the reckoning for the counting of the prescription period differs for each type of tax. To be specific, for withholding taxes, the 3-year prescriptive period shall be counted from the date required for the filing of the monthly return; for Value-Added Tax, it shall be the prescribed filing date of the quarterly return; and for income tax, the prescriptive period is counted from the required filing date for the annual income tax return. Hence, the reckoning for the counting of the prescriptive period of the following types of taxes is shown hereunder:

TAXABLE PERIOD	PRESCRIPTIVE PERIOD
Income Tax	
Calendar Year 2012	April 15, 2016
Fiscal Year Ending June 30, 2013	October 15, 2016
Calendar Year 2013	April 15, 2017
Value-Added Tax (VAT)	
Calendar Year 2013	
First Quarter (Q1)	April 25, 2016
Second Quarter (Q2)	July 25, 2016

3:45

Third Quarter (Q3)	October 25, 2016
Fourth Quarter (Q4)	January 25, 2017
Fiscal Year Ending October 31, 2013	
1st Quarter (Nov. 1, 2012 to Jan 31, 2013)	February 25, 2016
2nd Quarter (Feb. 1, 2013 to April 30, 2013)	May 25, 2016
3rd Quarter (May 1, 2013 to July 31, 2013)	August 25, 2016
4th Quarter (August 1, 2013 to Oct 31, 2013)	November 25, 2016
Withholding Taxes	
January 2013	February 10 – 15, 2016
February 2013	March 10 – 15, 2016
March 2013	April 10 – 15, 2016
April 2013	May 10 – 15, 2016
May 2013	June 10 – 15, 2016
June 2013	July 10 – 15, 2016
July 2013	August 10 – 15, 2016
August 2013	September 10 – 15, 2016
September 2013	October 10 – 15, 2016
October 2013	November 10 – 15, 2016
November 2013	December 10 – 15, 2016
December 2013	January 15, 2017

Based on the foregoing, all cases under investigation pertaining to Letters of Authority (LOAs) covering all internal revenue taxes for taxable year 2013 and prior years shall be covered by the exception from suspension of audit/investigation inasmuch as the audit cannot be conducted on a piece-meal basis. Accordingly, cases under LOAs covering specific tax type (e.g. VAT investigation/audit), the reckoning of the prescriptive period shall be from the date prescribed by law for the filing of the return.

Q2. Included among the exceptions from the suspension of audit/investigation under RMC No. 70-2016 are those other matters/concerns where deadlines have been imposed by law or under the orders of the Commissioner of Internal Revenue. Is the processing of request/application for tax refund/tax credit certificate (TCC) covered by this exception? If yes, what type of refund/TCC is covered?

A2. Yes. The processing of request/application for tax refund/TCC included in the exception refers to those wherein a specific required timeline to process said request/application is prescribed under existing revenue issuances (e.g. VAT refunds/TCC to be processed within 120 days from submission of complete documents).

Q3. RMC No. 70-2016 provides that the service of Assessment Notices shall still be effected. What are these Assessment Notices that can be served despite of the suspension?

A3. The Assessment Notices shall include:

1. Assessment Notices covering taxable year 2013 and prior years. These include Preliminary Assessment Notices (PANs), Formal Letter of Demand/Final Assessment Notices (FANs) and Final Decision on Disputed Assessment (FDDA); and

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
12:05 P.M.
JUL 18 2016
RECEIVED

2. Assessment Notices issued and signed by the Commissioner of Internal Revenue or its authorized representative as of June 30, 2016 covering taxable year 2014 and onwards wherein the audit fieldwork has already been completed.

However, the service of the aforementioned Assessment Notices is without prejudice to the right of the taxpayer to file a protest by way of request for reconsideration/re-investigation in accordance with law and Revenue Regulations (RR) No. 18-2013.

Q4. Is the processing/verifying of a valid denunciation/complaints received from taxpayers or informers suspended under RMC No. 70-2016?

A4. No. There is a specific required timeline under existing laws and revenue issuances in which the BIR is mandated to verify and process valid denunciation/complaints received from taxpayers or informers; Provided, the verification/processing of the same shall be limited only to preliminary evaluation wherein "No Contact with Taxpayer" policy is strictly enforced and no Mission Order shall be issued on the subject denunciation/complaints during the period of suspension of audit/investigation.

All denunciations/complaints filed and pending with the Revenue District Offices shall be referred to their respective Regional Investigation Division (RID) for verification and evaluation.

Q5. Is sending/service of reminder letters to taxpayers with open stop-filer cases and follow-up letters for compliance in the submission of the required schedules (e.g. SLS/SLP/SLI, alphalist list, inventory list, etc.) suspended by the RMC No. 70-2016?

A5. No. These letters and notices do not involve audit/examination of taxpayers' books of accounts and records rather to ensure taxpayers' compliance with existing revenue issuances on submission of information returns.

Q6. Is the issuance of Collection Letters and/or Seizure Notices, Notices of Levy/Tax Lien and other similar correspondences for enforcement of collection of delinquent accounts, as well as Letters to Third Parties (e.g., Land Registration Authority, Register of Deeds, Local Assessor's Office, etc.) for the verification of property holdings of delinquent taxpayers, been suspended by RMC No. 70-2016?

A6. No. The issuance of the abovementioned documents, communications and/or correspondences for purposes of enforcement of delinquent accounts is not related to audit/examination of taxpayer's books of accounts and records inasmuch as delinquent accounts are considered receivable accounts of this Bureau.

Q7. Are activities/operations implementing and/or enforcing Mission Orders issued prior to July 1, 2016 covered by the suspension under RMC No. 70-2016?

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
12:05 P.M.
JUL 18 2016
RECEIVED

A7. Yes. All activities connected with the implementation of existing Mission Orders issued prior to July 1, 2016 are covered by the suspension under RMC No. 70-2016. Thus, any activity including the service of notices/communications relating to the Mission Orders is suspended.

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

CAESAR R. DULAY
Commissioner of Internal Revenue

000066

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
12:05 P.M.
JUL 18 2016
RECEIVED