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

January 8, 2008

REVENUE MEMORANDUM ORDER NO. 4-2008

SUBJECT : Supplemental Provisions on Revenue Memorandum Order No. 28-2007

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

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I. OBJECTIVE

This Order is issued to prescribe additional policies in the collection of deficiency taxes uncovered through computerized data matching and reflected in the issued Tax Reconciliation System-Letter Notice (TRS-LN).

II. COVERAGE

This Order shall apply to TRS-LN covering taxable year 2005 issued to taxpayers under the jurisdiction of the revenue regions.

III. SUPPLEMENTAL POLICIES AND PROCEDURES

1. The Collection Service, through the Withholding Tax Division, shall list the taxpayers under the jurisdiction of revenue regions which were issued TRS-LN that are due for an "issue-based audit" (i.e. those TRS-LNs where no response was received after 15 days from receipt of the TRS-LN), on a monthly basis, not later than the tenth (10th) of the following month, showing details as to the Registered Name of the Taxpayer, TIN of the Taxpayer, RDO where taxpayer is registered, the amount of discrepancy uncovered, Tax Type, Covered Period and the date when the TRS-LN was delivered to the taxpayer;

2. The Office of the Deputy Commissioner for Operations shall issue "issue-based LA" that shall be handled by the Withholding Tax Division;

3. After five (5) days from receipt by the taxpayer of the LA, the Revenue Officer concerned shall issue the Notice for Informal Conference. After the lapse of fifteen (15) days from the issuance of

"Notice for Informal Conference" and no response is received, Preliminary Assessment Notice (PAN) shall be issued. If after the lapse of thirty (30) days from issuance of PAN no response is, likewise, received from taxpayer, the Final Assessment Notice (FAN) shall be issued.

4. The Collection Service shall make the list of taxpayers who were issued FAN pertaining to the discrepancy reflected in the TRS-LN and who failed to settle their tax liabilities within thirty (30) days from receipt of the FAN unless a timely protest on the FAN has been lodged by the taxpayer in which case, same shall be resolved first before proceeding with any administrative and/or judicial action and/or sanction;

5. The list shall be submitted to the Office of the Commissioner (OCIR), through the Office of the Deputy Commissioner for Operations (ODCIR-OG), for the former to select which cases shall be referred to the Legal and Inspection Group (LIG) for appropriate legal action; and

6. The Legal and Inspection Group, through the National Investigation Division of the Enforcement Service shall make the necessary documentations to prepare the case for prosecution under the "Run After Tax Evaders" (RATE) Program (e.g. gathering of testimonies from third party, securing affidavit sworn to by third party, gathering of source or underlying documents evidencing sale transactions, etc.) Once evidence has been gathered sufficient enough to warrant the inclusion of a case in the RATE Program, said case must be referred to the Prosecution Division of the Legal Service or the RATE Team, whichever is applicable, for the start of the prosecution process. A monthly updated report for cases herein covered shall be submitted to the Commissioner.

IV. REPEALING CLAUSE

All orders and other issuances inconsistent herewith are hereby modified or repealed accordingly.

V. EFFECTIVITY

This Order shall take effect immediately upon approval.

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