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

January 25, 2016

REVENUE MEMORANDUM ORDER NO. 4 – 2016

SUBJECT : Amending the Pertinent Provisions of Revenue Memorandum Order No. 20-2007 on the Simplified Processing of Applications for Compromise Settlement and Abatement Cases by Concerned Regional Offices

TO : All Internal Revenue Officials, Employees and Others Concerned

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I. OBJECTIVES

This Order is hereby issued in order to further facilitate and expedite the processing of this Bureau, more particularly on applications for compromise settlement, as well as abatement or cancellation of internal revenue tax liabilities filed by all concerned taxpayers under the provisions of Revenue Regulations (RR) No. 30-2002, and RR No. 13-2001, as amended by RR No. 4-2012, respectively, that have been recommended the denial by the concerned revenue offices under the Revenue Regions and Large Taxpayers Service (LTS) before the same are transmitted for further evaluation and recommendation by the Technical Working Group (TWG)/Technical Working Committee (TWC) in the National Office, and subsequent approval by the National Evaluation Board (NEB) or the Commissioner of Internal Revenue (CIR), as the case may be.

II. AMENDATORY PROVISIONS

1. All applications for compromise settlement, abatement or cancellation of internal revenue tax liabilities filed by all concerned taxpayers under the respective jurisdiction of the Revenue Regions and Large Taxpayers Service, regardless of the amount of the threshold prescribed under the provisions of Section 204 (A) for compromise settlement, that have been evaluated by the Regional Evaluation Board (REB), or, as the case may be, by the LTS sub-TWC, for abatement cases or the LTS Evaluation Board (LTSEB), for compromise settlement cases, resulting to a recommendation for denial of the application, shall be considered **FINAL** and the outstanding tax liabilities and/or penalties shall be immediately collected from the concerned taxpayer-applicant.

2. The corresponding Notice of Denial (Annex "A") shall be prepared with the initials of the authorized members of the LTS-sub-TWC/EB and REB duly affixed thereto. The duly accomplished Notice of Denial, together with the entire docket of the application, shall be transmitted to the Chief, Accounts Receivable Monitoring Division (ARMD), for recording and monitoring purposes, within ten (10) days immediately after the denial by the concerned LTS sub-TWC/EB or regional TWG/REB, as the case may be. Subsequently, the Chief, ARMD shall, within five (5) days from receipt thereof, directly submit the said Notice, together with the entire docket of the application, to

the Commissioner of Internal Revenue for signature, without the need of any further review or evaluation of the substantive aspect of the LTSEB/REB by the NO-TWG/TWC. After the approval of the said notice by the Commissioner, the approved notice and the entire docket of the application shall be returned to the Chief, ARMD for recording purposes and the same shall be immediately transmitted to the originating revenue office for the appropriate service of the Notice to the taxpayer and the immediate collection enforcement of the outstanding tax liabilities. A monthly consolidated report on all denied applications for compromise settlement/abatement cases shall be prepared and submitted by the Chief, ARMD to the Assistant Commissioner (ACIR), Collection Service, copy furnished the offices of the Deputy Commissioner for Operations and the CIR, within ten (10) days immediately after the end of each month.

3. The herein prescribed Notice shall be prepared by the Office of the Regional Director, for regional cases or Office of the LTS, for LTS cases, as the case may be.

   The serial number (SN) in the Notice of Denial shall be prepared by the said offices in the following order:

   a. Nature of the application, "C", for compromise settlement or, "A", for abatement;
   b. Regional or national office name (i.e., LTS, EAS, RR01, RR02 and so on), as the case may be;
   c. Year of issuance of the notice; and
   d. Control number.

   Example:

   An application for compromise settlement of the 2008 income tax liability of a large taxpayer was denied by the LTSEB. The Office of the LTS shall prepare the Notice of Denial and assign the serial number and indicate thereon as: "C-LTS-2016-001".

   For each year thereafter, the control number shall restart to number one (1) for the first Notice of Denial to be issued for the calendar year. The Chief, ARMD shall ensure that all notices of denial shall be indicated with serial numbers prepared properly and sequentially (e.g., absence of serial/control numbers, repetition of serial numbers, skipping/break in series, etc.) by the concerned revenue offices. In case of any discrepancy, a written notice shall be sent the concerned revenue office for purposes of correction/revision of the duly accomplished of the Notice of Denial.

4. In case the recommendations of the REB/LTS-EB was/were approve the taxpayer's application, the pertinent procedural requirements set forth under RR No. 30-2002, and RR No. 13-2001, as amended by RR No. 4-2012, Revenue Memorandum Order (RMO) No. 20-2007, and other relevant revenue issuances for the filing of the said applications at the concerned regional, LTS or National offices up to the approval thereof by the concerned TWG/NEB/TWC/CIR at the National Office shall still be observed. However, in the evaluation thereof, all concerned respective members of the LTS-sub-TWC/EB, and REBs/Regional TWGs, as the case may be, shall ensure that each and every application for compromise settlement or abatement of the internal

revenue tax liabilities of the taxpayer are strictly processed and evaluated in accordance to these revenue issuances. In case any application shall be recommended for approval by the LTS-sub-TWC/EB or REB, with the deliberate intention of simply passing the resolution of any factual/legal issue on the application to, but the same has been clearly found to be contrary by, the NEB/TWG/TWC/CIR, the same shall be considered as a demerit from the individual performance of every member of the said recommending TWC/TWG/Boards/revenue officials, without prejudice of holding him/her administratively liable thereto.

5. The LTS sub-TWC/EB and all regional TWGs/REBs shall evaluate and release their respective board's decision within fifteen (15) calendar days from receipt of any application for compromise settlement or abatement.

6. The prescribed reports (i.e., Annexes "A" to "G") for applications for compromise settlement/abatement penalties under Operations Memorandum No. 13-01-003 issued by the Deputy Commissioner for Operations Group of this Bureau shall be strictly observed by all concerned revenue offices.

III. TRANSITORY PROVISIONS

The rules herein prescribed shall not apply to all applications for compromise settlement and abatement of penalties that are transmitted to and pending with the TWG/NEB/TWC in the National Office as of January 29, 2016, but the pertinent procedural requirements set forth under RR No. 30-2002, and RR No. 13-2001, as amended by RR No. 4-2012, RMO No. 20-2007, and other relevant revenue issuances shall apply instead.

IV. REPEALING CLAUSE

The pertinent provisions of RMO No. 20-2007 which are inconsistent herewith are hereby repealed, modified or amended accordingly.

V. EFFECTIVITY

This Order shall take effect immediately.

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

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