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

April 11, 2007

REVENUE MEMORANDUM ORDER NO. 5-2007

SUBJECT: Verification of 2005 Tax Returns by the Revenue District Offices

TO : All Regional Directors, Revenue District Officers, Assessment Division Chiefs, Revenue Officers and Others Concerned

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I. Objectives

1. To enhance the voluntary compliance of taxpayers through verification of tax returns of taxpayers reflecting "No Operation", "Net Loss" and/or "No Taxable Income" in their tax returns and those enjoying tax exemptions; and

2. To ensure uniformity of action in the verification and reporting of cases verified under this Order.

II. Coverage and Criteria

Tax Verification Notices (TVNs) shall be issued to cover the verification of all internal revenue taxes for 2005 only of taxpayers whose 2004 and 2005 income tax returns fall under any of the following criteria:

1. "No Operation" tax returns;

2. Exempt tax returns; and

3. Tax returns reflecting "Net Loss" and/or "No Taxable Income".

For purposes of clarity, for TVNs to be issued pursuant to this Order, the returns of concerned taxpayers must show any of the above criteria for the two successive taxable years of 2004 and 2005. If any of the above criteria is not present in both returns for taxable years 2004 and 2005, TVNs are not authorized to be issued pursuant hereto.

III. Guidelines and Procedures

The following shall be observed in the verification of the abovementioned tax returns:

1. The Revenue District Officer shall prepare the Tax Verification Notice (TVN) covering the verification of 2005 tax returns for approval and signature of the Regional Director.

2. TVNs shall be issued only when the duplicate copies of the 2004 and 2005 income tax returns are attached thereto.

3. Verification of all cases shall be completed and the corresponding reports shall be submitted to the concerned Revenue District Officer (RDO) not later than June 15, 2007.

4. The reports of verification must be transmitted for review to the Assessment Division on or before June 29, 2007.

5. The Assessment Division shall review all dockets covered by TVNs under this order including dockets where there are no findings of deficiency taxes; where there are findings of deficiency taxes but taxpayers voluntarily paid the deficiency taxes; and where there are findings of deficiency taxes for issuance of a preliminary/final assessment notice.

6. All applicable guidelines and procedures under existing revenue issuances not inconsistent herewith shall be strictly observed by all concerned, unless amended by latter issuances.

7. To monitor the cases issued herein, the concerned RDO shall report the issuance, status, assessments and collections on cases covered by TVNs in the following reports already prescribed under RMO No. 11-2006 on the 2006 Audit Program of Revenue District Offices:

	Name of Report	Reference
a.	Monthly Report of Tax Verification Notices (TVNs) Issued	Annex C of RMO No. 11-2006
b.	Monthly Summary of Assessment and Collection Activities	A.2 of Annex E of RMO No. 11-2006
c.	Monthly Report of Cases Verified, Processed and Closed Covered by Tax Verification Notices	Annex F of RMO No. 11-2006

The number of this RMO shall be indicated in the aforementioned reports for TVNs specifically issued under this Order, and shall be submitted by all concerned offices in order to monitor all issuances and accomplishments arising therefrom.

IV. Repealing Clause

This Order supersedes all revenue issuances or portions thereof inconsistent herewith.

V. Effectivity

This Order shall take effect immediately.

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

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