CORPORATE COMMUNICATIONS DIVISION
RECEIVED
DATE 4/9 2:10

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
4:28 P.M.
APR 03 2012
RECEIVED

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

April 2, 2012

REVENUE MEMORANDUM ORDER NO. 6-2012

SUBJECT: Prescribing the Policies and Guidelines for the physical/ocular inspection and supervision over the destruction/disposal or verification of casualty loss in cases wherein the inventories, machineries or equipments applied for destruction or disposal are located outside the territorial jurisdiction of Large Taxpayers Office or Revenue District Office where the taxpayer is registered, in relation to the Determination of Deductible Expense pertaining to Inventory of Goods, Assets which have been declared as Waste or Obsolete Due to Spoilage, Deterioration, Obsolescence, Expiration, or Other Causes rendering the same Unfit for Sale or for Use in Production.

TO: All Internal Revenue Officers and Others Concerned

I. OBJECTIVE

In order to have seamless cooperation among revenue offices in the Bureau of Internal Revenue, this Order is issued to prescribe policies and guidelines for the physical/ocular inspection and supervision over the destruction/disposal or verification of casualty loss in cases wherein the inventories, machineries or equipments applied for destruction or disposal are located outside the territorial jurisdiction of the Large Taxpayers (LT) Office or Revenue District Office where the taxpayer is registered, in relation to the determination of deductible expense pertaining to inventory of goods, assets which have been declared as waste or obsolete due to spoilage, deterioration, obsolescence, expiration, or other causes rendering the same unfit for sale or for use in production.

II. POLICIES AND GUIDELINES

1. The application for inventory assets disposal/destruction loss shall be filed with and processed by the concerned LT or Revenue District Office where the principal place of business of the taxpayer is registered.

2. No application shall be received and processed by the concerned LT or Revenue District Offices unless the prescribed supporting documents and information are sufficient and complete.

3. In case where the inventories, machineries or equipments applied for destruction or disposal are located outside the territorial jurisdiction of the LT or Revenue District Office where the taxpayer is registered, the physical/ocular inspection and supervision over the destruction/disposal or verification of casualty loss thereof may be conducted by the LT or Revenue District Office having territorial jurisdiction over the place where the said items are located in order to save travel expenses, upon the request of, and with the proper coordination by the concerned LT or RDO where the principal office of the taxpayer is registered.

4. In the event that the inventories/equipments involve a considerable volume such that the destruction/disposal thereof cannot be conducted in one (1) day, the same may be scheduled in a manner acceptable to both the taxpayer and the BIR authorized representative until the total volume applied for has been completely destroyed or disposed of. For this purpose, no destruction or disposal of any inventory, machinery or equipment shall be made without the presence and supervision of the authorized BIR representative.

5. The authorized BIR representative of the LT or Revenue District Office who conducted the supervision on the physical destruction/disposal of the inventories/equipments shall make a report on the result of supervision of disposal/destruction/verification of casualty loss. The said report together with the supporting documents shall be transmitted to the concerned LT or Revenue District Office where the taxpayer earlier filed its application, for processing, evaluation and preparation of the certificate of deductibility of inventory or asset destructed/disposed/lost.

III. EFFECTIVITY

This Order shall take effect immediately.

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
4:28 P.M.
APR 03 2012
RECEIVED

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

008921