REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

March 08, 2004

REVENUE MEMORANDUM ORDER NO. 10-2004

SUBJECT : Special Operations on Businesses Not Paying Income Taxes

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

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I. PRELIMINARY STATEMENT

To achieve the mandated 12% collection growth rate this year, it is important that not only existing taxpayers significantly grow their tax payments, it is equally important that new businesses are captured into the tax net.

Last January, two national newspapers wrongly carried headline/banner stories to the effect that Department of Finance (DOF) had exempted marginal income earners from the payment of income tax. There are also reports that local government officials have been wrongly advising certain businesses in their respective jurisdictions that as Barangay Micro Business Enterprises (BMBE), they can already stop paying income taxes even without going thru an accreditation procedure following a Revenue Regulation that is still too be issue. Furthermore, our Tax Compliance Verification Drive last year against some 200,000 establishment showed very high rates of violation including non-registration with BIR which means non-payment of taxes. This situation must be quickly addressed our income tax collections this year be adversely affected.

RD's and RDO's are hereby advised that DOF has still to come up with the Revenue Regulations to implement the tax provisions of RA9178 or the BMBE Law. Also, taxpayers who are considered as BMBE by the local governments are still required to register with the BIR and to comply with tax rules and regulations before they can avail.

II. OBJECTIVES

1. Strengthen voluntary tax compliance by businesses including marginal income businesses.

2. Devise ways and means to cause marginal income earners to file their tax returns early and pay their tax liabilities correctly.

3. Help insure attainment of the collection goal.

III. OPERATIONAL MEASURES

1. All Regional Directors and Revenue District Officers are hereby directed to take measures to achieve the objectives of this RMO.

2. All Regional and District offices must undertake massive Taxpayer Compliance Verification Drive (TCVD) focused on establishments without record of tax payments. The operations must include on the distribution of BIR appeal letters to pay taxes and of income tax declaration forms.

3. Hand Holding of the new payees, by the TCVD teams as in filling up of the declaration and payment forms and in guiding the taxpayers to the closest agent bank. The Regional Director may create BIR on Wheels Teams with one of its members a representative of a government agent bank to receive payment on site should there be a necessity to extend such service to achieve the objectives of this Order.

IV. BUSINESS INFORMATION & EDUCATION

Regional Directors and Revenue District Officer shall undertake information and education drives for marginal income earners to file and pay income tax and for BMBEs to first register with the BIR before claiming exemption from income tax but in the meantime still file and pay taxes, file tax returns and pay taxes other than income taxes.

V. REPORTS and REPORTING SYSTEM

RD's and RDO's are required to submit bi-monthly report to the CIR (Attn: Dr. NOLI ACUÑA) on their payees in the implementation of this Special Operations.

VI. REPEALING CLAUSE

Provisions of all revenue issuances inconsistent herewith, are hereby revoked or modified accordingly.

VII. EFFECTIVITY

This Order shall take effect immediately and end on 30 April 2004 unless otherwise extended by the Commissioner.

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue