REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

Quezon City

March 31, 2005

REVENUE MEMORANDUM ORDER NO. 10-2005

SUBJECT : **Policies and Procedures in the Accreditation of Cash Register Machine (CRM), Point of Sale (POS), Other Sales Machines Including Sales Receipting System Software and Registration for the Use Thereof Pursuant to Revenue Regulation No. 11-2004 and Revenue Regulation No. 5-2005**

TO : All Internal Revenue Officials and Employees and Others Concerned

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I. OBJECTIVE

This Order is issued to further prescribe policies, guidelines and procedures as well as define duties and responsibilities relative to the processing and approval of applications for Accreditation and Registration of Sales Machine Models and/or Sales Receipting System Software.

II. DEFINITION OF TERMS

1. **Sales machines –** shall refer to CRM, POS, and other machines such as but not limited to taximeters, vending machines, handheld/roving mobile devices, validating machines and other machines used in the issuance of receipts/invoices.

2. **Sales Receipting System Software** – This refers to systems software solely for sales receipting/invoicing that supports the business requirements of an establishment/company in the issuance of sales receipts/invoices.

3. **Special Purpose Machines –** are machines for internal use only and do not generate sales.

4. **Supplier –** shall refer to manufacturer, distributor, dealer or vendor of sales machines and/or sales receipting system software.

5. **"Pseudo" Supplier –** shall refer to taxpayer-user who can be categorized as follows:
   a) Direct importers of CRM/POS for their own internal use and/or for distribution to their different branches/franchisees;

b) Companies who develop their own sales receipting system software for their use and/or for distribution to their different branches/franchisees.

6. **Generic Machines** – are machines not identified by a specific trade or brand name. This includes cloned machines.

7. **Proprietary Machines** – are machines with proprietary design or technique identified by a specific trade or brand name.

8. **Major Repairs/Enhancement** – shall refer to any change, upgrade, integration or modification on the machine and/or software.

9. **Minor Repairs** – shall refer to repair of sales machines which do not alter the information stored in the machine and does not change, upgrade or modify the machine and/or software.

10. **Tamper Free** – sales data or integrity of the data were not manipulated to alter/avoid the recording of a sale transaction; and machine/software specifications/features were not altered or modified.

11. **Accreditation Number –** is a number issued to an accredited supplier for a particular machine model/brand. It is a combination of unique six (6) digit systems-generated control number, prefixed by RDO Code and TIN; and suffixed by a two (2) digit check number for tracking additional brands/models.

12. **Registration –** is the manner of informing the BIR of the machines sold prior to delivery or use of the machines. Permit to Use will be issued upon successful registration together with the Machine Identification Number.

13. **Machine Identification Number** – is a nine (9) digit unique number issued by the system to every Cash Register Machine or Point-of-Sales upon successful registration in the Electronic Accreditation and Registration System (eAccReg); and in Electronic Sales (eSales) Enrollment. It is intended for use in the Electronic Sales Reporting.

14. **Enrollment –** is the process of obtaining a Machine Identification Number for sales reporting purposes.

III. SCOPE OF IMPLEMENTATION

This order shall cover all sales machines and/or sales receipting system software utilized in the conduct of business to record sales transactions which shall include the following:

A. For Accreditation and Registration:

1. Cash Register Machines (CRM);
2. Point of Sales Machines (POS) – includes bundled POS or software alone;
3. Sales Receipting System Software;
4. All other sales machines/software such as but not limited to:

a) Taximeters;
b) Handheld or Mobile Devices;
c) Unmanned bill, coin or token-operated machines;
d) Other Sales Machines/Software

Accreditation procedure for all other sales machines/software mentioned in Section III (A.4) shall be covered by a separate Revenue Memorandum Order.

B. For Registration Only:

Special purpose machines/software such as:
1. Cash depository;
2. Foreign exchange machines;
3. Ordering machines;
4. Bills payment machines;
5. Internal special purpose machines

IV. ACCREDITATION OF SALES MACHINES AND/OR SALES RECEIPTING SYSTEM SOFTWARE

A. POLICIES on Accreditation

1. All suppliers shall have the sales machines and/or sales receipting system they intend to distribute/sell/use be duly accredited by the Bureau prior to the actual distribution/sale/use of the sales machines and/or sales receipting system software.

2. A "pseudo" supplier of sales machines and/or sales receipting software shall likewise apply for accreditation.

3. The application for accreditation shall be in the form of a Sworn Statement duly executed by the supplier of the sales machines and/or sales receipting system software. The Sworn Statement may cover several sales machines provided the specifications/features of each machine/software are indicated therein.

4. All applications for accreditation of sales machines and/or sales receipting system software shall be filed at LTAD I or II, LTDO or RDO having jurisdiction over the **Head Office** of the supplier.

5. There shall be established in the Bureau of Internal Revenue, the **National Office Machine Accreditation Board (NMAB)** which has jurisdiction over the large taxpayers; **and Regional Office Machine Accreditation Board (RMAB)** which has jurisdiction over the regular taxpayers. Refer to Section 8 of RR 11-2004 on the composition of the NMAB and RMAB.

6. The evaluation procedures must be undertaken and completed by the NMAB/RMAB within five (5) working days from receipt of the application for accreditation and the complete documentary requirements.

7. Suppliers applying for accreditation where sales machine model/brand and software version have been previously accredited shall be exempt from systems demonstration. A 'Certificate of Accreditation' shall be issued within one (1) day from submission of complete documentary requirements of previously accredited sales machines/software.

8. A list of all duly-accredited sales machines and/or sales receipting system software shall be posted at the BIR website: www.bir.gov.ph or portal https://my.bir.gov.ph, to inform the taxpayer-user of those sales machines and/or sales receipting system software that have been accorded official accreditation.

9. All suppliers shall notify the BIR office concerned in writing on any minor/major repairs made in the sales machines and/or sales receipting system software.

10. Any sales machines and/or sales receipting system software that have undergone major repair/enhancement shall require another accreditation and will necessitate issuance of new accreditation number.

11. All sales machines shall not be switched to "training mode" or to "no sale transaction mode", or otherwise manipulated to impair/impede/suspend the recording of a sale transaction. Any receipt generated during training mode shall indicate in the receipt/invoice "THIS IS NOT AN OFFICIAL RECEIPT".

12. All sales machines which shall require any reprinting of the invoice/receipt without distorting the stored sales data shall indicate in the invoice/receipt "REPRINT ONLY" including the date and time of reprinting done.

13. All sales machines with built-in-printer must be able to handle non-thermal paper or high-grade thermal paper (thermal paper to last 3-years).

14. As a general rule Cash Register Machines (CRM) shall have a minimum of six (6) digits OR/Invoice Number, however, four (4) digits OR/Invoice Number with at least two (2) digits visible/programmed reset counter number shall qualify for accreditation.

15. All machines/software mentioned in Section III (A) of this memorandum shall apply for accreditation and shall require registration. A separate Revenue Memorandum Order shall be issued to handle accreditation of machines/software mentioned in Section III (A.4). Special purpose machines as enumerated in Section III (B) shall not be accredited however they shall require registration.

16. Travel allowance of NMAB/RMAB members to and from the supplier site, per diem and other related expenses for systems demonstration and ocular inspection shall be allocated.

17. A workshop shall be conducted to the members of NMAB/RMAB by the Human Resource Development Service (HRDS) in coordination with the Operation and Information Systems Groups to orient both the technical and the functional groups on the scope, substance and evaluation of sales machines and/or sales receipting system software for accreditation.

B. PROCEDURES on Accreditation

1. **Large Taxpayers Assistance Divisions I & II, Large Taxpayers District Office and Revenue District Office [Taxpayer Service Section (TSS)]:**

   a) New application for accreditation of sales machine brand/model and/or sales receipting system software:

      1. Require the supplier to submit the application for accreditation in the form of a **Sworn Statement** (Annex "A") together with the documents in duplicate copies as enumerated in the **Checklist of Requirements** (Annex "B");

      2. Receive the requirements submitted by the supplier of sales machines and/or sales receipting system software;

      3. Evaluate validity of the application and review completeness of requirements submitted by checking the appropriate boxes in **Checklist of Requirements** (Annex "B");

      4. If requirements are complete, stamp "Received" Sworn Statement and other documentary requirements, which shall now be the docket of accreditation, otherwise, return the documents submitted to the supplier with instructions to complete the requirements;

      5. Coordinate with supplier the date and venue for actual systems demonstration of the proposed application for accreditation of sales machines and/or sales receipting system software and forward docket of accreditation to NMAB/RMAB for evaluation;

      6. Receive from NMAB/RMAB the docket of accreditation and results of systems demonstration;

         6.1 If recommended for approval:

            a. Encode details of approved application for accreditation and generate accreditation number using the BIR web facility (please refer to manual guide for the detailed procedure);

b. Print online accreditation certificate and validate accuracy and completeness of information contained in the certificate;

c. Forward to Head of NMAB/RMAB the docket of accreditation and systems generated **Certificate of Accreditation** (Annex "C") for signature;

d. Receive from Head of NMAB/RMAB duly signed 'Certificate of Accreditation' for release to the accredited supplier;

e. Explain to the accredited supplier their responsibility to register machines sold within five (5) days from the date of actual sale and before its actual use by the taxpayer-user

6.2 If recommended for disapproval:

a) Receive from NMAB/RMAB duly signed report on the results of evaluation together with the docket of accreditation;

b) Receive **Letter of Denial of Application for Accreditation of Sales Machines and/or Software** (Annex "D") for release to suppliers;

c) Coordinate with suppliers on the results of evaluation explaining the reasons why the application was disapproved which is stated in the 'Letter of Denial' in order for the supplier to reconfigure the sales machines and/or sales receipting system software to meet BIR's requirements. Return all the documents submitted by the supplier.

b) Application of sales machine brand/model and/or sales receipting system software previously accredited but different supplier:
Follow procedures enumerated in (a) 1-5 and 7.1 (a-e) above.

2. **National/Regional Office Machine Accreditation Board (NMAB/RMAB):**

a) Receive the docket of accreditation from TSS of LTAD I & II/LTDO/RDO;

b) Coordinate with TSS of LTAD I & II/LTDO/RDO and members of NMAB/RMAB on the schedule of the date and venue of systems demonstration with the supplier;

c) Attend systems demonstration;

d) Evaluate application and determine compliance to both technical and functional requirements;

e) Raise all issues and concerns before, during and after actual systems demonstration, if any, and coordinate with the supplier thru TSS of LTAD I & II/LTDO/RDO for their early resolution;

f) Evaluate resolution/s provided;

g) Accomplish **Functional and Technical Evaluation/Appraisal Checklist of Sales Machines and/or Sales Receipting System Software Applied for Accreditation** (Annex "E");

h) Submit duly signed report on the result of evaluation with the docket of accreditation to TSS together with the recommendation if approved or disapproved;

i) If application for accreditation is disapproved, prepare **Letter of Denial of Application for Accreditation of Sales Machines and/or Software** (Annex "D");

j) Receive from TSS systems-generated 'Certificate of Accreditation' for signature;

k) Forward duly signed 'Certificate of Accreditation' or 'Letter of Denial of Application for Accreditation of Sales Machines and/or Software' whichever is applicable to TSS for release to supplier.

3. **Taxpayer Assistance Service (TAS) through the Taxpayer Service Programs and Monitoring Division (TSPMD)]:**

a) Receive issues/concerns, if any, from LTAD I or II/ LTDOs/RDOs that requires policy direction or recommendation for further enhancement of the system or procedures in the RMO; and

b) Consolidate reports and submit to ACIR, Taxpayer Assistance Service for resolution of issues and shall in turn elevate to MANCOM any unresolved issues, if necessary.

C. **POLICY and PROCEDURES of REVOCATION of Accreditation**

1. If during the conduct of Tax Compliance Verification Drive (TCVD) or post audit the following findings have been observed, the Certificate of Accreditation granted shall be subject for revocation:

a) Tampering of Certificate of Accreditation;
b) Any misrepresentation on the Sworn Statement submitted by the supplier;
c) Any violation(s) of the supplier on the policies and procedures for accreditation under RR 11-2004 and this order.

2. The Revenue Officer who conducted the post audit shall report to the Head of Office concerned, who in turn shall issue written warning before actual revocation of Certificate of Accreditation

a) Prepare the **Letter of Warning/Revocation** (Annex "F"). The first warning shall be issued upon observation of the violation
b) After two (2) weeks of non-compliance to the said written warning, the **Letter of Warning/Revocation** (Annex "F") shall be issued and the Certificate of Accreditation inclusive of the accredited machines shall be revoked.

V. REGISTRATION ON THE USE OF SALES MACHINE MODEL/SYSTEM

A. POLICIES on Registration

1. Only those sales machines that are found to be compliant with the machine specifications pursuant to RR 11-2004 shall be issued Permit to Use. A **Permit Number** and **Machine Identification Number** (MIN) shall be issued for each machine being registered.

2. The Machine Identification Number (MIN) shall be used for electronic sales reporting (guidelines of which is contained in Revenue Regulation No. 5-2005).

3. An accredited supplier shall register not later than five (5) days from date of sale of machine and before its actual use the sales machines to be sold/distributed in behalf of the taxpayer-user.

4. Taxpayer-user who acquired non-accredited machines from non-accredited supplier shall be responsible to register the said machines

5. Taxpayer-user shall likewise register special purpose machines as identified in Section III (B)

6. Application for Registration of sales machines may be filed manually to LTAD I or II, LTDOs, RDOs or electronically thru e-mail or web.

7. In cases where the taxpayer-user acquires the software and hardware separately:
   a) Accredited supplier of sales receipting system software machines shall register the ***generic machines*** in behalf of the taxpayer-user;
   b) Accredited supplier of sales machines shall register the ***proprietary machines*** in behalf of the taxpayer-user;

8. A "decal" which shall be securely attached to the machine to which it refers and shall be conspicuously visible to the public. This shall be provided by the accredited supplier for every registered sales machine sold, following the template and specifications provided by BIR. If the machine is acquired through a non-accredited supplier, the taxpayer-user shall secure the decal from the RDO where the machine will be

used after registration for the use thereof. The taxpayer-user shall provide the sticker for special purpose machines.

9. The concerned machine shall be used exclusively in the operation of only one line of business covered by the Permit to Use. If the enterprise is conducted simultaneously with another line of business for which no cash register permit has been issued, sales made in the latter line of business shall be covered with the corresponding manual issuance of registered sales invoices or receipts following policies and procedure pursuant to RMO 28-2002 in the issuance of Authority to Print (ATP).

   However, a sales machine with the built-in capacity to accumulate sales data of different lines of business may be authorized by the Commissioner to issue receipts/invoices for all such different line of business, provided however, that the distinction of sales by lines of business shall be clearly indicated on the machine paper tapes ***in words*** rather than in codes or symbols.

10. An unmanned machine capable of dispensing goods and services in exchange for bills, coins or tokens without the capacity for issuing receipts/invoices must be registered in the same manner as provided in this memorandum.

11. The taxpayer-user shall not change his business name or the use of the registered machine, or transfer to another business location, branch or establishment or otherwise, without prior written notice to the RDO where he is registered or through email to bir_acreditation@bir.gov.ph.

12. A taxpayer-user who has been issued a 'Permit to Use Sales Machines' shall not have the machine undergo any major repairs, upgrade, change, modification, update, or otherwise removal from its specified location, without prior written notice to the RDO where the machine is registered or through email to bir_acreditation@bir.gov.ph.

13. Following any major repairs, upgrade, change, modification, update or otherwise, and prior to the re-use of the concerned machine, the user and person who made the major repairs/change/modification/update shall submit a **Joint Sworn Statement** (Annex "G") attesting to such development to the Chief, LTAD I or II/Chief, LTDO/RDO having jurisdiction over the concerned user.

14. Ordinary repairs on the machine shall not require any prior approval, however, the RDO, LTAD I/LTAD II having jurisdiction over which the machine is being used shall be properly informed in writing or through email to bir_acreditation@bir.gov.ph.

15. In case of any repairs of the sales machines, manually registered receipts/invoices maybe issued following provisions under RMO 28-2002.

16. Registered machines may be withdrawn from use, either by retirement or sale, only upon prior application of, and approval by, the Chief, LTAD I or II/Chief, LTDO/concerned RDO.

17. In order to maintain the consecutive sequence of the transaction numbers imprinted on the customer's receipts and the audit journal tapes, the receipt numbering mechanism/circuit of a registered machine shall not be disturbed or tampered with.

18. The provision of Revenue Regulation No. 11-2004 shall apply in the post evaluation of newly registered sales machines/system whether acquired through an accredited supplier or not including those with previously issued permits.

19. A separate application for Permit to Use is required for sales machines which are linked to Computerized Accounting System (CAS).

B. PROCEDURES on Registration

1. For Newly Accredited Machines

a) Manual Application for Registration

Large Taxpayers Assistance Divisions I & II, Large Taxpayers District Office and Revenue District Office (Taxpayer Service Section {TSS}):

1. Receive from accredited supplier **List of Sales Machines Sold to be Registered per Taxpayer-user** (Annex "I") within five (5) days from date of sale of the accredited sales machines and/or sales receipting system software. The said List shall be submitted by the accredited supplier to the RDO of the taxpayer-user;

2. Encode details of machines for registration per taxpayer-user using the BIR web facility (detailed procedures in the application shall be included in the manual guide).

3. Prepare and issue **Permit to Use Sales Machines** (Annex "J"); and generate MIN to accredited supplier for distribution to each taxpayer-user;

4. Inform supplier to provide **decal** (Annex "K") for each machines which shall be attached to the machines before distribution to the taxpayer-user.

b) Electronic Application for Registration

1. **SMS (Short Messaging System)** – For future implementation.

2. **Email (Electronic Mail)**

Use of Mail clients (Microsoft Outlook, web-based mails like Yahoo, Hotmail, etc) with internet connection

a. Accredited Supplier downloads the file format (supplier.csv) of **the List of Sales Machines Sold to be Registered per Taxpayer-user** (Annex "I") by logging on the BIR website.

b. Accredited Supplier sends an e-mail to bir_acreditation@bir.gov.ph with attachment mentioned above;

c. Accredited Supplier receives an e-mail confirmation indicating a successful registration of all applied machines together with the Permit Number and MIN for each applied machines. He can now proceed to print the systems-generated 'Permit to Use Sales Machines';

d. Accredited Supplier prints systems-generated 'Permit to Use Sales Machines' through the web channel;

e. Accredited Supplier delivers the machines to taxpayer-user with the decal already attached to the machine (provided by the supplier) together with the 'Permit to Use Sales Machines';

f. Accredited Supplier also provides the taxpayer-user with the MIN for each machine.

3. **Web/Portal**

Use of Web Browsers (Internet Explorer, Netscape, Mozilla, etc) with Internet connection.

a. Accredited Supplier uses the web/portal facility to process registration of machine per taxpayer-user online. Please refer to the on-line procedure accessible through the eAccReg icon;

b. Accredited Supplier receives a confirmation message indicating a successful registration of all applied machines, together with the Permit Number and MIN for each applied machine. He can now proceed to print the systems-generated 'Permit Use to Sales Machines';

c. Accredited Supplier prints systems-generated 'Permit to Use Sales Machines';

d. Accredited Supplier delivers the machines to taxpayer-user with the decal already attached to the machine (provided by the supplier) together with the 'Permit to Use Sales Machines';

e. Accredited Supplier also provides the taxpayer-user with the MIN for each machine.

2. For Non-Accredited Machines

a) Manual Application for Registration

Large Taxpayers Assistance Divisions I & II, Large Taxpayers District Office and Revenue District Office (Taxpayer Service Section {TSS});

1. Receive from taxpayer-user **Sworn Statement** (Annex "A") and **List of Sales Machines for Registration** (Annex "L") within five (5) days from date of sale/use of sales machines and/or sales receipting system software;

2. Encode details of machines for registration per taxpayer-user using the BIR web facility (detailed procedures in the application shall be included in the manual guide).

3. Prepare and issue **Provisional Permit to Use Sales Machines** (Annex "M"); and generate MIN for each applied machine;

4. Issue the decal for each machine which shall be attached to the machines to the taxpayer-user, and provide the MIN for each applied machine.

b) Electronic Application for Registration

1. Email (Electronic Mail)

a. Taxpayer-user downloads the file format (taxpayer-user.csv) of **List of Sales Machines for Registration** (Annex "L") by logging on the BIR website.

b. Taxpayer-user sends an e-mail to bir_acreditation@bir.gov.ph with attachment mentioned above;

c. Taxpayer-user receives an e-mail confirmation indicating a successful registration of all applied machines together with the Permit Number and MIN for each applied machines. He can now proceed to print the systems-generated 'Provisional Permit to Use Sales Machines';

d. Taxpayer-user prints systems-generated 'Provisional Permit to Use Sales Machines' through the web channel;

e. Taxpayer-user secures decal from the RDO where the taxpayer-user is registered.

2. Web/Portal

a. Taxpayer-user uses the web/portal facility to process registration of machine per taxpayer-user online. Please refer to manual guide for the detailed procedure on the use of the application;

b. Taxpayer-user receives a confirmation message indicating a successful registration of all applied machines, together with the Permit Number and MIN for each applied machine. He can now proceed to print the systems-generated 'Provisional Permit Use to Sales Machines';

c. Taxpayer-user prints systems-generated 'Provisional Permit to Use Sales Machines';

d. Taxpayer-user secures decal from the RDO where the taxpayer-user is registered.

3. For Special Purpose Machines

a) Manual Application for Registration

Large Taxpayers Assistance Divisions I & II, Large Taxpayers District Office and Revenue District Office (Taxpayer Service Section {TSS});

1. Receive from taxpayer-user the **List of Special Purpose Machines for Registration** (Annex "N") within five (5) days from date of sale of the machines;

2. Encode details of machines for registration per taxpayer-user using the BIR web facility (detailed procedures in the application shall be included in the manual guide).

3. Prepare and issue **Permit to Use Special Purpose Machines** (Annex "O")

4. Shall inform the taxpayer-user to provide the sticker for special purpose machines. Please refer to Annex "P".

b) Electronic Application for Registration

1. **Email (Electronic Mail)**

   a. Taxpayer-user downloads the file format (special purpose machine.csv) of **List of Special Purpose Machines for Registration** (Annex "N") by logging on the BIR website.

   b. Taxpayer-user sends an e-mail to bir_acreditation@bir.gov.ph with attachment mentioned above;

   c. Taxpayer-user receives an e-mail confirmation indicating a successful registration of all applied machines.

   d. Taxpayer-user prints systems-generated 'Permit to Use Special Purpose Machines' through the web channel.

   e. Taxpayer-user shall provide the sticker for special purpose machines. Please refer to Annex "P".

2. **Web/Portal**

   a. Taxpayer-user used the web/portal facility to process registration of machine per taxpayer-user online. Please refer to manual guide for the detailed procedure on the use of the application;

   b. Taxpayer-user receives a confirmation message indicating a successful registration of all applied machine;

   c. Taxpayer-user prints systems-generated 'Permit to Use Special Purpose Machines'.

   d. Taxpayer-user shall provide the sticker for special purpose machines. Please refer to Annex "P".

C. POLICY and PROCEDURES of REVOCATION of Registration/ POST-AUDIT of PROVISIONAL PERMIT to USE

1. The Bureau reserves the right to inspect any machine/system registered at any time during store hours, to verify compliance with specifications of a valid machine/system, the data requirements of the machine generated invoice, the conditions for use of the machines as well as other regulations that may be subsequently issued governing use of machines. Store personnel are thus required, under the authority granted for the use of machine/system, to present the machine for inspection and reading by the concerned revenue personnel.

2. The RDO where the taxpayer-user is registered shall conduct the post-audit of the Provisional Permit to Use. The RDO shall ensure that the sales machines/software is compliant with the policies of accreditation

as stipulated in this RMO. Please refer to the **Functional and Technical Evaluation/Appraisal Checklist of Sales Machines and/or Sales Receipting System Software Applied for Accreditation** (Annex "E").

3. If compliant, the RDO shall issue the new Permit to Use using the BIR web facility (detailed procedures in the application shall be included in the manual guide).

4. If non-compliant, the RDO shall revoke the Provisional Permit to Use, by releasing to the taxpayer-user the **Letter of Warning/Revocation** (Annex "F").

5. If during conduct of TCVD or post audit the following findings have been observed, the permit to use CRM/POS and other sales machines shall be subject for revocation:

    a) Tampering of sales data/integrity of the data and/or software specification/features to alter/avoid the recording of a sale transaction;
    b) Any major repairs, upgrading, integration and modification/alteration without prior notification and approval by the BIR office concerned;
    c) Any violation(s) on the policies and procedures for registration under RR 11-2004 and this order.

6. The Revenue Officer who conducted the post audit shall report to the Head of Office concerned, who in turn shall issue written warning before actual revocation of Permit to Use.

    a) Prepare the **Letter of Warning/Revocation** (Annex "F"). The first warning shall be issued upon observation of the violation
    b) After two (2) weeks of non-compliance to the said written warning, the **Letter of Warning/Revocation** (Annex "F") shall be issued and the Permit to Use shall be revoked.

D. PROCEDURES of RETIREMENT/SALE of Registered Machines

1. Taxpayer-user shall apply for retirement of the registered sales machines in the RDO where the taxpayer-user is registered.

2. Upon receipt of the application for withdrawal from use, the concerned Bureau office shall cause the immediate verification of said machine and the accounting records kept in connection therewith, to ensure that all the sales data registered in the machine up to the last day it was used are properly recorded for internal revenue purposes.

3. The concerned Bureau office shall then prepare and release the **Approval for Withdrawal of Sales Machines from Its Use** (Annex "H").

4. The concerned Bureau office shall likewise cancel the registration of the concerned sales machines by using the BIR web facility (detailed procedures in the application shall be included in the manual guide).

5. Upon receipt by the taxpayer-user of the 'Approval for Withdrawal of Sales Machines from Its Use', the new taxpayer-user of the sales machines may now register the sales machines. A new permit to use shall be issued, identifying the new permit number and machine identification number.

VI. TRANSITORY PROVISIONS

1. If the concerned machine brand and model has not been previously accredited, but it is nonetheless compliant with the specifications provided for in RR 11-2004, the taxpayer-user shall himself register the machines to the RDO where he is registered or through the BIR electronic facilities. A systems-generated '**Provisional Permit to Use Sales Machines**' (Annex "M") shall be issued in order to avail of the "immediate use" policy. A post evaluation shall be conducted within three (3) months from date of issuance of the 'Provisional Permit'.

2. All suppliers of sales machines must submit **on or before May 30, 2005** to the Chief, LTAD I/LTAD II/LTDO/RDO concerned an inventory of machine stocks not compliant with the provisions of RR 11-2004, together with a time table indicating when these machine stocks will be consumed and sold.

VII. PENALTY CLAUSE

Any taxpayer who violates the provisions of these regulations shall be subjected to immediate investigation, the provisions of these regulations to the contrary notwithstanding, in addition to the imposition of penalties pursuant to the National Internal Revenue Code and other applicable laws.

VII. EFFECTIVITY

This Order shall take effect immediately.

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