REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

April 12, 2012

Quezon City

REVENUE MEMORANDUM ORDER NO. 10-2012

SUBJECT : Amending the Manner and Procedures in the Preparation of the Monthly Report of Registration and Remittance of Withholding Taxes (BIR Form W-7) in Revenue District Offices Under Revenue Regions with Documents Processing Division

TO : All Internal Revenue Offices and Others Concerned

I. BACKGROUND. –

The creation of Documents Processing Division (DPD) eliminated certain processes being done at the Revenue District Offices, particularly the manual sorting of tax returns by its Document Processing Section (DPS). With DPD in place, all tax returns received by the Authorized Agent Banks and Revenue Collection Officers shall be scanned and some information reflected therein which can be recognized by the optical character reader shall automatically be indexed. Consequently, current DPS personnel in the affected RDOs will have to be transferred to the DPD in their respective regions. As such, some of their current functions will have to be transferred in another section of the RDO, one of which is the manual preparation of duly-accomplished BIR Form W-7 report based on the withholding tax returns being processed by the DPS. Since affected RDOs due to creation of the Regional DPDs will no longer have DPS, the preparation of BIR Form W-7 shall now be transferred to the Collection Section of their respective RDOs based on the scanned withholding tax returns which can readily be accessible from the Integrated Tax System (ITS).

II. OBJECTIVES. –

This order is issued to identify the specific section in the RDOs under Revenue Regions (RR) with DPD that shall be responsible in the preparation of the Monthly Report of Registration and Remittance of Withholding Taxes (BIR Form W-7) and to amend certain procedures to be followed by the identified section in the preparation thereof. The manner and procedures to be followed by the RDO under Regional Offices without DPD shall remain the same.

III. AMENDATORY GUIDELINES. –

The Collection Section (CS) of RDOs under Revenue Regions with DPD shall be responsible in accomplishing Schedule B of the W-7 report, including the supporting schedules (Schedules C to M), following the prescribed guidelines in its preparation.

The guidelines and procedures provided under RMO No. 20-2011 shall be amended to read as follows:

"III. GUIDELINES.-

1. Taxpayer Service Section (TSS) of the Revenue District Office shall be responsible in accomplishing Schedule A - columns A to E of the W-7 report since these pertain to the number of registered withholding agents (W/As) per type of withholding tax. TSS shall ensure that the beginning number of W/As per tax type shall be the ending number of the preceding month's report. The number of new registrants shall include W/As transferred from other Revenue District Offices.

2. Document Processing Section (DPS) of RDOs under RR without Document Processing Division (DPD)/Collection Section (CS) of RDOs of RR with DPD shall be responsible in accomplishing Schedule B of the W-7 report. The amount of taxes withheld as indicated in the tax returns shall be captured, encoded and summarized by nature of income payments (by ATC) and by type of withholding agent (type of withholding agents indicated in the report format).

3. All other schedules comprising the W-7 report (Schedules C to M) must also be prepared by the DPS of RDOs under RR without Document Processing Division (DPD)/Collection Section of RDOs of RR with DPD.

4. In accomplishing BIR Form W-7, detailed guidelines attached hereof as Annex "B", shall be strictly followed.

5. It shall be the responsibility of the Revenue District Officer to ensure that the information provided by the TSS and DPS/CS in the withholding tax reports using the prescribed format (BIR Form W-7) is accurate.

6. Call-up letters to be signed by the Assistant Commissioner of Collection Service shall be sent to the Regional Director, in case of failure of the Revenue District Offices under its jurisdiction to submit the required W-7 report on time.

7. Returned W-7 reports for reasons indicated in the return memo should be acted upon within fifteen (15) days from receipt and amended reports must be submitted within the same period.

8. Required tax returns for W-7 report must be scanned by the DPD on or before the 25th day of the month of receipt.

IV. PROCEDURES.-

1. REVENUE DISTRICT OFFICE

A. RDOs under RR without DPD:

a. Taxpayer Service Section

XXX	XXX	XXX

b. Document Processing Section

XXX	XXX	XXX

B. RDOs under RR with DPD:

a. Taxpayer Service Section

XXX	XXX	XXX

b. Collection Section

1. Access from the ITS the system-generated report on scanned withholding tax returns and save the same in another file.

2. Sort the withholding tax return by form type (BIR Form Nos. 1601-C; 1601-E; 1601-F; 1600; 1603; 1602; 1606, etc.).

3. Access the particular withholding tax returns and compare the indexed information in the system-generated report.

4. Pick-up other necessary information from the accessed withholding tax returns which were not captured in the system-generated report and encode the same in an "excel" format with the necessary fields as required in the BIR Form W-7 report. Insert rows if necessary in case the tax return contains several Alphanumeric Tax Codes (ATCs).

5. Sort by type of withholding agent (Individual; Non-Individual-Private Corporations/Associations/Cooperatives and other private non-individual taxpayers; National Government Agencies; Government-Owned and Controlled Corporations; Local Government Units; and other government offices) then, sort by ATC.

6. Accomplish Schedules C to M.

7. Accomplish Schedule B based on supporting schedules C to F.

8. Submit to the Withholding Tax Division, copy furnished the Office of the Regional Director, duly-accomplished BIR Form W-7 on or before the 10th day of the month following the month of remittance

(i.e., for taxes withheld on January and remitted in February, the report is due on or before the 10th of March, but the period to be reflected in the report shall be for the month of February, the month of remittance).

9. Act immediately on returned reports for correction and further validation on the questioned items indicated in the previously-submitted reports as contained in the memorandum by the WTD.

10. Submit amended W-7 report within fifteen (15) days from receipt of the returned reports.

xxx xxx xxx."

IV. TRANSITORY PROVISIONS.- The aforesaid procedures for RDOs under Regional Offices with DPDs shall be done by the Collection Section until such time that the back-end system of the DPD which is capable of generating reports is in place. Moreover, in the meantime that the system-generated report and scanned tax returns could not yet be accessed in the ITS, the Collection Section of the affected RDOs can view the image of the tax returns using the software provided by the service provider. Encoding of the required information in the W-7 report shall be based on the viewed tax returns, instead of the physical copies of the tax returns.

V. REPEALING CLAUSE. –

The provision of existing Revenue Memorandum Orders and other revenue issuances inconsistent with this Order are hereby amended, modified and repealed accordingly.

VI. EFFECTIVITY. –

This Order shall take effect immediately and shall cover reports for the month of March, 2012 and onwards.

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