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

February 10, 2014

REVENUE MEMORANDUM ORDER NO. 10-2014

SUBJECT : Policies, Guidelines and Procedure in the Accreditation of Importers and Customs Brokers and the Revocation Thereof

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. OBJECTIVES. — This Order is issued to:

1.1 Prescribe the policies, guidelines and procedure in the accreditation of importers and customs brokers, and the revocation thereof;

1.2 Define the duties and responsibilities of designated Bureau of Internal Revenue (BIR) offices in the accreditation and dis-accreditation of importers and customs brokers and in the monitoring and verification of their compliance with the BIR-prescribed criteria for accreditation; and

1.3 Prescribe the reportorial requirements for the proper monitoring of accredited importers and customs brokers.

SECTION 2. DEFINITION OF TERMS. — For purposes of this Order, the following words and/or phrases shall be defined as follows:

2.1 **"Accounts Receivable/Delinquent Account (AR/DA)"** – refers to an outstanding tax liability of a taxpayer arising from a tax assessment or any unpaid delinquent account which is considered final, executory, and demandable. This may result from, among others, any of the following:

2.1.1 Taxpayer failed to pay the tax due per return within the time prescribed for its payment;

2.1.2 Tax payment made thru bank draft or check but was denied by drawee-bank due to drawer-taxpayer's insufficiency of funds in his/its bank accounts, accounts closure, or for other reasons of dishonor under the Negotiable Instruments Law;

2.1.3 An assessment which has been established to be final, executory, and demandable due to, among others, the following grounds:

A. Failure of the taxpayer to file a valid protest within thirty (30) days from receipt of the Formal Letter of Demand and Final Assessment Notice (FLD/FAN);

B. Failure of the taxpayer to appeal to the Court of Tax Appeals (CTA) within thirty (30) days from date of receipt of the decision of the Commissioner of Internal Revenue (CIR) denying the protest to the FLD/FAN;

C. Failure of the taxpayer to appeal to the CTA within thirty (30) days from date of receipt of the decision of the CIR's duly authorized representative denying the protest to the FLD/FAN; or failure of the taxpayer to elevate the protest to the CIR within thirty (30) days from date of receipt of the final decision of the CIR's duly authorized representative denying the protest to the FLD/FAN;

D. Failure of the taxpayer to appeal to the CTA within thirty (30) days from: (a) the lapse of the one hundred eighty (180)-day period for the CIR or his duly authorized representative to act on the protest to the FLD/FAN; or (b) the date of receipt of the decision of the CIR or his duly authorized representative denying the protest to the FLD/FAN in case the taxpayer opted to await the decision;

E. Failure of the taxpayer to timely file a motion for reconsideration or new trial before the CTA Division or failure to appeal to the CTA En Banc and Supreme Court based on existing Rules of Procedure; or

F. Failure of the taxpayer to receive any assessment notices because it was served in the address indicated in the BIR's registration database and the taxpayer transferred to a new address or closed/ceased operations without updating and transferring its BIR registration or cancelling its BIR registration, as the case may be, under the procedure prescribed in pertinent issuances.

2.2 **"Annual Income Tax Return"** – this refers to the declaration of a taxpayer's taxable income that is embodied in BIR Form Nos. 1700, 1701 or 1702, as the case may be, filed annually with the BIR, together with the required attachments.

2.3 **"BIR Importer Clearance Certificate (BIR-ICC) or BIR Customs Broker Clearance Certificate (BIR-BCC)" –** a certificate issued to an importer or customs broker who qualifies with the BIR-prescribed criteria/requirements for

accreditation, indicating therein the importer's or customs broker's name, registered address, and Taxpayer Identification Number (TIN).

2.4 **"Branch"** – means a separate or distinct establishment or place of business where sales transactions are conducted independently from the Head Office (HO).

2.5 **"Cannot Be Located (CBL) Taxpayer"** – refers to a status of a registered taxpayer whose whereabouts could not be located in the address given by him/it in the return filed or at the address registered/given by him/it to the BIR.

2.6 **"Customs Broker"** – refers to any person who is bona fide holder of a valid Certificate of Registration/Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission pursuant to Republic Act No. 9280 or the Customs Brokers Act of 2004, as amended. As provided therein, the "*customs broker profession*" involves services consisting of consultation, preparation of customs requisite documents for imports and exports, declaration of customs duties and taxes, preparation, signing, filing, lodging and processing of import and export entries; representing importers and exporters before any government agency and private entities in cases related to valuation and classification of imported articles and rendering of other professional services in matters relating to customs and tariff laws, its procedures and practices.

2.7 **"e-filing"** – means the process of electronically filing tax returns, including attachments, specifically through the internet.

2.8 **"Electronic Filing and Payment System (eFPS)"** – refers to the system developed and maintained by the BIR for electronically filing tax returns, including attachments, and paying taxes due thereon, specifically through the internet.

2.9 **"e-payment"** – means the process of electronically paying a tax liability through the internet banking facilities of Authorized Agent Banks (AABs).

2.10 **"Facility"** – may include but not limited to place of production, showroom, warehouse, storage place, garage, bus terminal, or real property for lease with no sales activity. A facility shall be registered as a branch whenever sales transactions/activities are conducted thereat.

2.11 **"Head Office (HO)"** – refers to the declared specific or identifiable principal place/head office of business as stated in the Articles of Incorporation/Articles of Partnership/Articles of Cooperation/DTI Certificate of Registration, as the case may be, or, in the absence thereof, the place where the complete books of accounts are kept. It is the fixed place of business, whether rented or owned, and whether or not the products/services being sold are actually located or displayed thereat. For persons who conduct business in a nomadic or roving manner, such as peddlers, "tiangges", mobile stores operators, common carries/school bus operators without designated garages/terminals, etc., their place of residence shall be considered as the HO.

2.12 **"Importer"** – refers to any person who brings goods into the Philippines, whether or not made in the course of his trade or business. It includes non-exempt

persons or entities who acquire tax-free imported goods from exempt persons, entities or agencies.

2.13 **"Inter-Active Forms (IAF) System"** – refers to the system/facility developed and maintained by the BIR, other than the eFPS, that allows taxpayers to electronically file tax returns and pay the corresponding taxes due thereon through the internet banking facilities of AABs.

2.14 **"Primary Registration"** – the process by which a person, whether an individual, including estates and trusts, or a corporation and other juridical entities, upon application and full compliance with the registration requirements prescribed in Revenue Regulations No. 7-2012, is registered with and consequently included in the registration database of the BIR.

Primary Registration may involve two scenarios depending on the purpose of the taxpayer applying for registration as follows:

A. TIN ISSUANCE AND REGISTRATION – refers to issuance of TIN to all persons who will engage in business, practice of profession or employment and who may or may not be subject to any national internal revenue tax but may be required to file the corresponding tax return, statement or other documents as required by the Code such as: income tax, estate and donor's tax, value added tax, percentage tax, withholding tax, excise tax and documentary stamp tax (DST), including registration of its branch/es (for purposes of securing a branch code);

B. PURELY TIN ISSUANCE – refers to issuance of TIN to applicants under Executive Order (EO) 98, series of 1998 e.g. in the case of individuals required to incorporate the TIN in all forms, permits, licenses, clearances, official papers and documents which they secure from other government agencies e.g. Local Government Unit (LGU), Department of Trade and Industry (DTI), Land Transportation Office (LTO), Department of Foreign Affairs (DFA), etc. It also includes issuance of TIN to Overseas Filipino Workers (OFWs)/Overseas Contract Workers (OCWs) as defined under these Regulations as well as to Non-Resident Foreign Corporations (NRFC)/Non-Resident Alien not engaged in Trade or Business (NRANETB) subject to final withholding tax on income derived from sources within the Philippines.

2.15 **"Secondary Registration"** – shall pertain to subsequent registration activities after the issuance of BIR Certificate of Registration (COR) relative to the printing and issuance of official receipts/sales invoices; keeping/registering of books of accounts and other accounting records; applying for certain accreditation requirements and securing other applicable registration-related permits.

2.16 **"Stop Filer case"** – refers to system created case when a taxpayer fails to file a return for a required tax type for a taxable period (i.e., Income Tax, VAT, Percentage Tax, etc.) which is required to be filed regularly (monthly, quarterly, annually).

SECTION 3. GENERAL POLICIES. —

3.1. Pursuant to DOF Department Order (DO) No. 12-2014, all importers and customs brokers (individuals, partnerships, corporations, cooperatives, associations [whether taxable or non-taxable]), unless otherwise exempted, are required to secure accreditation from the BIR under the guidelines, policies and procedure set forth in this Order. This constitutes the first phase of the accreditation process. Only importers and customs brokers who are accredited by the BIR shall be issued with *BIR Importer Clearance Certificates (BIR-ICCs)* and *BIR Customs Broker Clearance Certificates (BIR-BCCs)*. The *BIR-ICCs* and *BIR-BCCs* shall then be presented by the importers and customs brokers to the BOC for their BOC accreditation under the rules and regulations to be issued by the BOC for this purpose. This constitutes the second and final phase of the accreditation process.

3.2 Only importers and customs brokers who satisfy the following accreditation criteria shall be accredited by the BIR:

3.2.1 Existence, at all times, of a Head Office (HO) or principal place of business for the conduct of business operations;

3.2.2 Full compliance with all the primary and secondary registration requirements of the BIR (i.e., for the HO, branch, or facility);

3.2.3 No "stop-filer" cases with the BIR as herein defined, or timely filing of the required tax returns and payment of the taxes due under existing internal revenue tax laws, rules, regulations, and issuances;

3.2.4 No record of any AR/DA with the BIR as herein defined;

3.2.5 No record of any pending criminal complaint filed by the BIR for tax evasion and other criminal offenses under the Tax Code, whether filed in court or in the Department of Justice (DOJ) or subject of final and executory judgment by court

3.2.6 No unresolved issues arising from discrepancies in the declared income or expenses resulting from the matching of third-party information from the BIR's Reconciliation Lists for Enforcement (RELIEF) System and Tax Reconciliation System (TRS). If any such unresolved issues exists, the non-resolution must not have been caused by or must not be attributable to the importer or customs broker;

3.2.7 Not tagged as a CBL taxpayer as herein defined;

3.2.8 No material misrepresentation in the documents submitted in applying for accreditation.

In the event of any change in any material information previously provided in the application for accreditation, the importer or customs broker shall report the matter in writing to the BIR, thru the ARMD, within (10) days from the occurrence thereof. Examples of such changes include:

A. Change of ownership, corporate officers, members of the board, or partners;

B. Change of address of the HO, branch, or facility;

C. Amendments to the Articles of Incorporation/Partnership/Cooperation, as approved by the SEC or CDA;

D. Corporate restructuring such as mergers or consolidations; and

E. Temporary or permanent closure/cessation/stoppage of business.

The failure by an accredited importer or customs broker to inform the BIR in writing, thru the ARMD, any material change described above may be a ground for the cancellation or revocation of his/its accreditation. It may also be considered as evidence that the concerned importer/broker intends to use its accreditation status to commit fraud.

3.3.9 Regular use of the eFPS in filing all the requisite tax returns and in the payment of the taxes due thereon; or regular use of the IAF system in filing all the requisite tax returns, and once the IAF payment feature is operational, in the payment of the taxes due thereon; and

3.3.10 Regular submission of all information returns required under existing internal revenue tax laws, rules, regulations, and issuances (e.g., Summary Lists of Sales, Purchases and Importations [SLSP], Annual Alphabetical List of Employees [BIR Form 1604CF], Annual List of Payees from Whom Taxes Were Withheld [BIR Form 1604E], etc.) electronically. These electronically filed information returns must have passed all the BIR-system validations.

However, importers and customs brokers who fail to satisfy any of the foregoing accreditation criteria shall not be accredited, while those with already approved accreditations shall be dis-accredited.

3.3 The accreditation and dis-accreditation of importers and customs brokers shall be approved by the Chief, ARMD. Applicants may file a request for reconsideration with the Assistant Commissioner-Collection Service on any decision of the Chief, ARMD. Applicants may also file a request for reconsideration with the Commissioner of Internal Revenue on any decision of the ACIR-Collection Service.

3.4 As the circumstances may warrant, the ARMD shall prepare the appropriate recommendation to the Commissioner of Internal Revenue, thru the Deputy Commissioner-Operations Group, on issues that require a change or shift in policy considerations or deviation from the existing guidelines, policies and procedures.

SECTION 4. GUIDELINES AND PROCEDURE. —

4.1 **Importers and Customs Brokers:**

4.1.1 All applications for accreditations shall be filed directly and by personal appearance to the ARMD.

4.1.2 Importers and customs broker's shall file their applications for accreditation using the *Application Form for Accreditation of Importer/Customs Broker* (**Annex "A-1/A-2"**), together with all the supporting documents prescribed under this Order.

4.1.3 *Application Forms for Accreditation of Importer/Customs Broker* filed by individuals shall be accomplished and signed by the applicant himself, and not by any agent or representative. Those filed by partnerships shall be accomplished and signed by any of the partners, and not by any agent or representative. Those filed by corporations, cooperatives, associations and other non-individuals shall be accomplished and signed by any responsible and ranking officer of the entity whose authority to act as such is contained in a Board Resolution, evidenced by a Secretary's Certificate of the minutes/contents of said Board Resolution.

4.1.4 *Application Forms for Accreditation of Importer/Customs Broker* shall be filed with the following supporting documents:

A. <u>For Importers and Customs Brokers (Individual or Non-individual)</u>:

A.1 Certified true copy of the latest BIR Certificate of Registration (COR) of the Head Office (HO) of the applicant, and the COR of each branch or facility (if any);

A.2 Authenticated copy of the latest Annual Income Tax Return filed together with audited financial statements and other prescribed attachments, if applicable;

A.3 Certified true copy of the latest Mayor's Business Permit issued by the Local Government Unit (LGU) where the applicant's HO is registered (or duly received Application for Mayor's Business Permit, if the former is still in process with the LGU);

A.4 Proof of ownership of the registered address of his/its HO indicated in the COR (e.g., certified true copy of the Original Certificate of Title/Transfer Certificate of Title/Condominium Certificate of Title and Tax Declaration for the land and improvements) or proof of

lawful occupation thereof (e.g., certified true copy of the contract of lease);

A.5 Vicinity map, location plan and photographs of the registered address of his/its HO indicated in the COR;

A.6 If the applicant shares the registered address of his/its HO indicated in the COR with another entity, the following shall be submitted:

A.6.1 Vicinity map and location plan indicating the actual space occupied by the applicant;

A.6.2 Contract covering such space-sharing arrangement (if any),

A.6.3 Applicant's written justification for entering into such space-sharing arrangement;

A.6.4 Written consent of the lessor or building administrator to such arrangement (if the head office is leased);

A.7 Photocopy of latest utility bills (e.g., electricity, water, telephone) indicating the registered address of his/its HO in the COR, and indicating the name of the applicant (if the head office is owned) or the name of the lessor/sub-lessor (if the head office is leased);

A.8 Undertaking to comply with the duty to preserve and maintain records for a period of ten (10) years and to allow access to examination by the BIR, BOC, and the Fiscal Intelligence Unit of the Department of Finance ("DOF-FIU");

A.9 Photocopy of the official receipt for the payment of the BIR accreditation processing and certification fee.

B. Additional Documents for Individual Applicants:

B.1 Certified true copy of the DTI Certificate of Registration of Business Name, if a business trade name is be used; and

B.2 Original copy of the personal profile with two (2) recent 2x2 pictures (signed at the back) of the owner/proprietor.

C. Additional Documents for Non-individual Applicants:

C.1 Original copy of the Secretary's Certificate of the minutes/contents of the Board Resolution authorizing the designated representative to sign the *Application Form for Accreditation of Importer/Customs Broker;*

C.2 For corporations/associations/partnerships:

C.2.1 Certified true copy of SEC Registration and Articles of Incorporation/Articles of Partnerships;
C.2.2 Certified true copy of latest General Information Sheet filed with the SEC;
C.2.3 Original copy of the Certificate of Good Standing issued by the SEC;
C.2.4 Original copy of the profile of the corporation, partnership, or association;
C.2.5 Original copy of the profile of each member of the board, corporate officers, partners; and
C.2.6 Original copy of the personal profile of employees, representatives, or agents dealing with the BOC.

C.3 For cooperatives:

C.3.1 Certified true copy of Cooperative Development Authority (CDA) Certificate of Registration;
C.3.2 Certified true copy of the Articles of Cooperation as certified by the CDA;
C.3.3 Original copy of the Certificate of Good Standing issued by the CDA.
C.3.4 Original copy of the profile of the cooperative;
C.3.5 Original copy of the profile of each member of the board and officers; and
C.3.6 Original copy of the personal profile of employees, representatives, or agents dealing with the BOC.

D. Additional Documents for Customs Brokers:

D.1 Photocopy of the applicant's identification card as a licensed customs broker issued by the Professional Regulations Commission (PRC);

D.2 Original copy of the Certificate of Good Standing issued by the PRC and the Chamber of Customs Brokers, Inc. (CCBI) issued for the current year;

D.3 Photocopy of the Professional Tax Receipt (PTR) as a customs broker for the current year;

D.4 Original copy of NBI Clearance issued within the last three (3) months prior to the date of application for accreditation;

D.5 Certified list of regular clients (importers and exporters), if any; and

D.6 Certified list of customs representatives together with the original copies of their corresponding NBI clearances issued within the last three (3) months prior to the date of application for accreditation.

Corporations registered for the purpose of engaging in the business of customs brokerage pursuant to RA No. 9280 or the Customs Brokers Act of 2004, as amended by RA No. 9853, shall submit the documentary requirements enumerated under Section 4.1.4 (A) and (C) herein and those enumerated under Section 4.1.4 (D) for each customs broker whose services they engage or hire.

"*Certified True Copy*" of the documents shall mean that the certification must be made by the proper custodian of the document. The original copy of the documents may be required by the ARMD for purposes of comparison.

4.1.1. All applicants for accreditation shall pay a non-refundable processing and certification fee of Two Thousand Pesos (P2,000.00) to the BIR, thru the General Services Division (GSD) in the National Office upon issuance of Order of Payment by the ARMD. No application for accreditation as importer or customs broker shall be accepted unless the processing and certification fee is duly paid, as evidenced by the original copy of the corresponding Official Receipt.

4.2. **Accounts Receivable Monitoring Division (ARMD)** in the BIR National Office –

4.2.1 For APPLICATIONS for accreditation, the ARMD shall:

A. Receive the duly accomplished *Application Form for Accreditation of Importer/Customs Broker* and the supporting documents from the applicant;

B. Prior to acceptance of the application, check the completeness of the information supplied in the *Application Form for Accreditation of Importer/Customs Broker* and the required supporting documents.

If the documentary requirements are complete, it shall issue an Order of Payment to be used by the applicant for the payment of the processing and certification fee. Upon submission of the photocopy of the Official Receipt evidencing payment of the processing and certification fee, it shall accept and "stamp receive" the application.

If the documentary requirements are incomplete, it shall not accept the application and shall notify the applicant in writing to submit the lacking requirements before the same may be accepted and processed.

C. Perform the following verifications to determine if the applicant fails to satisfy any of the accreditation criteria set forth in this Order which constitute sufficient ground to deny the application:

C.1 Verify the accuracy of the applicant's TIN with the BIR's Registration System, and the existence of any outstanding tax liability (OTL) from the Accounts Receivable/Delinquent Accounts database maintained by the ARMD;

C.2 Send a *Request for Verification* (**Annex "B"**), thru electronic mail, to the Revenue Regional Director (for further indorsement to the concerned Revenue District Office [RDO] where the applicant is registered and the Regional Collection Division), or to the Assistant Commissioner-Large Taxpayers Service (for further indorsement to the Large Taxpayers Audit and Investigation Division [LTAID]/Large Taxpayers District Office [LTDO] where the applicant is registered and the Large Taxpayers Collection and Enforcement Division [LT-CED]), as the case may be, to perform the following:

C.2.1 Determine if the applicant is compliant with all the BIR primary and secondary requirements;

C.2.2 Determine if the applicant is using the EFPS or IAF system in filing tax returns and paying taxes;

C.2.3 Determine if the applicant has any unresolved "stop filer" cases;

C.2.4 Determine if the applicant has any AR/DA that may not have yet been reported/transmitted to the ARMD;

C.2.5 Determine if the applicant has any unresolved issues arising from discrepancies in the declared income or expenses resulting from the matching of third-party information from the BIR RELIEF System and TRS;

C.2.6 Determine if the applicant is considered a CBL taxpayer;

C.2.7 Check if the principal place/HO of business address indicated in the applicant's COR is correct and actually occupied by the applicant based on ocular inspection conducted; and

C.2.8 Other courses of action as may be necessary to verify the compliance of the applicant.

C.3 Send a *Request for Verification* (**Annex "C"**), thru electronic mail, to the Revenue Regional Director (for further indorsement to the Regional Legal Division) or the Assistant Commissioner-Enforcement and Advocacy Service (for further indorsement to the Prosecution Division) to verify the existence and details of any criminal complaint filed by the BIR against the applicant in court or in the Department of Justice (DOJ) or subject of final and executory judgment by court.

C.4 As far as practicable, process the application for accreditation within fifteen (15) working days from acceptance of the *Application Form for Accreditation of Importer/Customs Broker* and complete supporting documents and upon receipt of the written report bearing the results of verification with other BIR offices in Section 4.2.1 (C.2) and (C.3) above.

C.5 The accreditation of importers and customs brokers shall be approved by the Chief, ARMD. Applicants may file a request for reconsideration with the Assistant Commissioner-Collection Service on any decision of the Chief, ARMD. Applicants may also file a request for reconsideration with the Commissioner of Internal Revenue on any decision of the ACIR-Collection Service.

C.6 In case of approved applications, the ARMD shall prepare and issue the corresponding *BIR Importer Clearance Certificate (BIR-ICC)* (**Annex "D-1"**) or *BIR Customs Broker Clearance Certificate (BIR-BCC)* (**Annex "D-2"**), as the case may be, signed by the Chief, ARMD. A *BIR-ICC* and *BIR-BCC* shall be valid for a period of three (3) years from the date of its issuance, unless sooner revoked or cancelled.

C.7 In case of denied applications, the ARMD shall prepare and issue a *Notice of Denial of Application for Accreditation as an Importer/Broker (BIR-NDAIB)* (**Annex "E"**) signed by the Chief, ARMD. A *BIR-NDAIB* shall clearly state the reason(s) for the denial of the application for accreditation.

The issuance of a *BIR-NDAIB* is without prejudice to the importer's or customs broker's filing of another application for accreditation when the circumstances that lead to the denial of the previous application are no longer existing.

C.8 The ARMD may send the *BIR-ICC, BIR-BCC* or *BIR-NDAIB* by registered mail to the registered address of the importer or customs broker, with instruction to the postmaster to return the mail to the sender after ten (10) days, if undelivered. It may also be sent through reputable professional courier service. The registry receipt issued by the post office or the official receipt issued by the professional courier company containing sufficiently

identifiable details of the transaction shall constitute sufficient proof of mailing.

4.2.2 In MONITORING accredited importers and customs brokers, the ARMD shall:

A. Conduct a periodic verification of the compliance of importers and customs brokers issued with *BIR-ICCs* or *BIR-BCCs* with the accreditation criteria set forth in this Order. This periodic compliance verification shall be conducted on a semestral basis, or as much oftener as may be necessary. For this purpose, the ARMD shall regularly provide the Systems Development Division (SDD) updated lists of *BIR-ICC* and *BIR-BCC* holders which shall be used for data extraction and compliance report generation.

B. The dis-accreditation of importers and customs brokers shall be approved by the Chief, ARMD. Applicants may file a request for reconsideration with the Assistant Commissioner-Collection Service on any decision of the Chief, ARMD. Applicant may also file a request for reconsideration with the Commissioner of Internal Revenue on any decision of the ACIR-Collection Service.

C. In case of any finding of non-compliance with any of the accreditation criteria set forth in this Order, the ARMD shall notify the concerned importer or customs broker of such findings by sending a *Preliminary Notice of Dis-accreditation (BIR-PND)* (**Annex "F"**) signed by the Chief, ARMD.

The *BIR-PND* shall state the particular criteria that is not being complied with, and that the importer or customs broker is given thirty (30) working days from receipt thereof to undertake all the necessary actions to rectify the error/s, omission/s or violation/s and/or to submit proof of his/its rectification. It may be sent to the concerned importer or customs broker through registered mail or through reputable professional courier service.

If the importer or customs broker submits proof of his/its rectification within the thirty (30)-working day period, the ARMD shall evaluate/review whether or not there is still non-compliance. If it is determined that there is continued non-compliance, or if the importer or customs broker fails to submit any proof of his/its rectification within the prescribed thirty (30)-working day period, the ARMD shall issue a *Notice of Dis-accreditation as an Importer/Customs Broker (BIR-NDIB)* (**Annex "G"**) signed by the Chief, ARMD, and copy furnished the BOC.

The *BIR-NDIB* shall notify the importer or customs broker of the revocation or cancellation of his/its *BIR-ICC* or *BIR-BCC* effective immediately on the date indicated hereof and clearly stating the reason(s) for the cancellation or revocation of the accreditation. It may be sent to the concerned importer or customs broker through registered mail or through reputable professional courier service.

The issuance of a *BIR-NDIB* is without prejudice to the importer's or customs broker's filing of another application for accreditation when the circumstances that lead to the cancellation or revocation of the previous accreditation are no longer existing, provided that the re-application is filed after the lapse of one (1) year from the effective date of dis-accreditation.

D. The *BIR-ICC* and *BIR-BCC* may also be cancelled or revoked upon discovery of any valid or compelling cause(s) or reason(s) therefor, subject to the procedures set forth above.

E. The ARMD may send the *BIR-PND* or *BIR-NDIB* by registered mail to the registered address of the importer or customs broker, with instruction to the postmaster to return the mail to the sender after ten (10) days, if undelivered. It may also be sent through reputable professional courier service. The registry receipt issued by the post office or the official receipt issued by the professional courier company containing sufficiently identifiable details of the transaction shall constitute sufficient proof of mailing.

4.2.3 *BIR-ICCs* and *BIR-BCCs* issued may be renewed upon filing of a subsequent *Application Form for Accreditation of Importer/Customs Broker*, under the same requirements and procedure provided herein. Otherwise, the *BIR-ICC* or *BIR-BCC* shall be deemed revoked or cancelled upon its expiration. The new *BIR-ICC* or *BIR-BCC* shall be valid for another period of three (3) years from the date of its issuance, unless sooner revoked or cancelled.

4.2.4 The ARMD shall maintain a Master List of accredited and dis-accredited importers and customs brokers, for records and monitoring purposes. The list shall be updated for each new *BIR-ICC*, *BIR-BCC*, or *BIR-NDIB* issued.

4.2.5 The ARMD shall regularly transmit the lists of *BIR-ICCs*, *BIR-BCCs* and *BIR-NDIBs* issued to the BOC. The lists shall be transmitted promptly thru electronic mail (until such time that the National Single Window [NSW] facility is capable for data transmissions) so as to enable the BOC to proceed with the conduct the second phase of the accreditation process of the applicants, to frequently update its Client Profile Registration System (CPRS), and to tag dis-accreditations corresponding to the importers or brokers that were dis-accredited by the BIR.

4.2.6 The ARMD shall likewise regularly transmit the lists of *BIR-ICCs*, *BIR-BCCs* and *BIR-NDIBs* issued to the Internal Communications Division for posting at the BIR website, thru the BIR Portal, for transparency.

4.3 **Revenue Regions, Regional Collection Divisions, Regional Legal Divisions, RDOs, Large Taxpayer Service, LTAIDs, LTDOs, LT-CED, Enforcement and Advocacy Service, Prosecution Division** – shall submit to the ARMD, within ten (10) working days from their receipt of the ARMD's request for verification (Annexes "B" and "C"), the signed written reports bearing the results of their verification (in hard copies). For offices located outside Metro Manila, the scanned signed written reports shall be initially submitted using the official email address of the Chief of the ARMD or thru the telefax machine. The original copies thereof shall nevertheless be submitted to the ARMD thru the postal or courier service on the same day.

4.4 **Systems Development Division (SDD) –**

4.4.1 The SDD shall develop a script for the regular extraction of data from existing BIR information technology systems to facilitate the ARMD's conduct of the periodic compliance verification and the tracking of, among others:

A. Existence of open stop-filer cases;

B. Existence of ARs/DAs;

C. Filing and payment compliance thru the eFPS and the IAF system; and

D. Filing of the prescribed information returns (e.g., Electronic filing of SLSP, BIR Form 1604C, BIR Form 1604E, etc.).

4.4.2 It shall regularly extract and generate the required reports and transmit the same to the ARMD, without the need of any official request by the ARMD. It shall turn-over the developed script to the Data Warehouse Systems Operations Division (DWSOD) for regular utilization.

4.5 **Data Warehouse Systems Operations Division (DWSOD) –**

4.5.1 The DWSOD shall check and accept the script developed by SDD for the regular extraction of tax compliance data of taxpayers applying for accreditation as importers and brokers or have been accredited after complying with the existing issuance on script turn-over procedures and requirements;

4.5.2 It shall receive from the ARMD the updated list of accredited importers and brokers for regular revalidation, as well as the initial updated list of ICARE-accredited importers and brokers from the BOC, for extraction of the required tax compliance data or information;

4.5.3 It shall extract, on a semestral basis as of June 30 and December 31 of each year, or as much oftener as may be necessary, the required data and generate the prescribed compliance reports; and

4.5.4 It shall transmit in soft copies the generated reports to the ARMD not later than July 15 and January 15 of each year, or as much oftener as may be necessary.

SECTION 5. TRANSMITTAL OF DATA FROM THE BUREAU OF CUSTOMS (BOC)

5.1 The BOC shall regularly provide the BIR, thru the ARMD, the following lists:

5.1.1 list of importers and customs brokers that passed the BIR accreditation requirement but were nevertheless disqualified under the second phase of accreditation undertaken by the BOC;
5.1.2 list of importers and customs brokers whose accreditation were suspended or cancelled/revoked by the BOC

5.2 Upon receipt of every list, the ARMD shall:

5.2.1 Tag the names of the importers and customs brokers contained in the lists transmitted by the BOC in the BIR Master List of accredited importers and brokers; and
5.2.2 Forward the same to the National Investigation Division (NID) for purposes of determining if there is *prima facie* evidence of tax fraud or tax evasion committed by the concerned importer or customs broker.

5.3. Upon receipt of every list, the NID shall determine if there is *prima facie* evidence of tax fraud or tax evasion committed by subject importers or customs brokers. In cases when there is *prima facie* evidence of tax fraud or tax evasion, the NID shall proceed with investigating the subject importers and customs brokers. In cases when there are findings of *prima facie* evidence of tax fraud or tax evasion, the NID shall proceed to investigate the subject importers and customs brokers. In cases where there is no finding of any *prima facie* evidence of tax fraud or tax evasion, the NID shall forward the list of the subject importers and customs brokers to the RDO, LTAID, or LTDO having jurisdiction over them for purposes of conducting regular tax audit, copy furnished the ARMD for monitoring purposes.

SECTION 6. TRANSITORY PROVISIONS. —

6.1 Valid accreditation certificates issued by the BOC's Interim Customs Accreditation and Registration Unit (ICARE Unit) prior to the effectivity of this Order shall remain valid until their expiry dates indicated therein.

Holders thereof are required to file their applications for renewal of accreditation with the BIR and at least three (3) months prior to the expiry date indicated in therein. This is to ensure the smooth and orderly transfer of the subject accreditation functions from the BOC to the BIR and to avoid undue disruptions in the business operations of importers and customs brokers.

6.2 Upon the effectivity of DO No. 12-2014, pending applications for new accreditation filed with the BOC's ICARE Unit shall be transmitted to the BIR. The ARMD shall prioritize the processing of all pending applications transmitted by the BOC. Given that their processing shall be covered by the new accreditation policies and procedure under this Order, the ARMD shall immediately notify the concerned applicants of any incomplete or lacking requirements to be submitted within fifteen (15) working days from receipt of the notice. Otherwise, the application shall be denied.

6.3 Pending applications for renewal of accreditation filed with the BOC's ICARE Unit until the date of effectivity of DO No. 12-2014 shall continue to be processed by the BOC. Upon effectivity of the DO, all applications for renewal shall be filed with the BIR.

6.4 Applications for renewal of accreditation filed by importers and customs brokers with expired accreditation certificates issued by the BOC shall, for purposes of this Order, be treated by the BIR as new applications for accreditation.

SECTION 7. REPEALING CLAUSE. — All existing rules, regulations, issuances or rulings or parts thereof which are contrary to or inconsistent with the provisions of this Order are hereby repealed, modified or amended accordingly.

SECTION 8. EFFECTIVITY. — This Order shall take effect immediately.

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