REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

February 4, 2008

REVENUE MEMORANDUM ORDER NO. 11-2008

SUBJECT: Amending the Criteria for Bank Accreditation and Prescribing the Policies, Guidelines and Procedures Relative to the Determination of the Applicable Float Period as Incentives to Authorized Agent Banks (AABs) and Imposition of Penalties for Violations Committed by AABs Pursuant to Revenue Regulations No 2-2008.

TO : All Internal Revenue Officers and Others Concerned.

I. OBJECTIVES

This Order is issued to:

A. Amend the criteria for the Accreditation of AABs accepting through Over-the-Counter (OTC) and Electronic Payment and Filing System (EFPS) transactions;
B. Rationalize the granting of incentives in the form of float periods;
C. Provide a mechanism in monitoring and evaluating the performance of AABs for purposes of accreditation/re-accreditation and suspension/cancellation of accreditation;
D. Identify all concerned offices and revenue officials/personnel responsible in the implementation of this Order.

II. GENERAL POLICIES AND GUIDELINES

A. CRITERIA FOR ACCREDITATION/RE-ACCREDITATION – Only those banks which have complied with the following criteria for accreditation/re-accreditation shall be authorized to collect internal revenue taxes:

1. The bank is a commercial or a universal bank;
2. The bank should be able to meet the financial ratios required by the BSP and maintain these ratios during the term of the Memorandum of Agreement (MOA);
3. The bank should have the infrastructure required by the BIR from its AABs; and
4. The bank shall have been in profitable operations for the immediately preceding three (3) years.

In addition to the above, bank applying for re-accreditation shall have:

1. No existing liabilities due to penalties, surcharges and interests due to procedural errors, late reporting/submission of collection reports/data and or delays or erroneous reports and late/non-remittance;

2. Previous accreditation as AAB, collecting through OTC during the term of the MOA; and
3. For those who wish to be an EFPS-AAB, in addition to the above, the following criteria should be met:

   a. The bank should be Certified Internet Ready by the BSP;
   b. The bank's system should be certified acceptable and compatible with the EFPS of the BIR; and
   c. The bank should be authorized by the BSP Monetary Board to accept deposits from the Bureau of Treasury.

B. INCENTIVES

1. Incentives granted to AABs shall be in the form of float periods. The OTC float period shall be six (6), eight (8) or ten (10) days while the corresponding float period for EFPS shall be half of the float period for OTC transactions. The grant of float period shall bar the collection of any other fees on top of the tax payments from the taxpayers;

2. The length of the float period shall be based on the number of OTC transactions. For purposes of this order, the following schedule shall apply:

	FLOAT PERIOD	
NUMBER OF OTC TRANSACTIONS	OTC	EFPS
1,000 - 200,000	6	3
200,001 – 400,000	8	4
MORE THAN 400,000	10	5

3. For AABs with no OTC transactions or did not meet the minimum threshold of 1,000 transactions as indicated in No. 2 of this Section for a particular semester under evaluation, the float period shall be one (1) day less than the minimum float period.

4. For newly accredited AABs, the applicable float period shall be the minimum float period for the initial two (2) consecutive semesters. Thereafter, the float period shall be subject to periodic review in accordance with No. 5 of this Section.

5. The determination of float period shall be done semi-annually based on the number of OTC transactions processed/accepted by the AABs on the same semester of the preceding year, and compliance with the obligations and conditions stated in the MOA.

C. CONDUCT OF PERFORMANCE EVALUATION

Performance of AABs shall be evaluated regularly in accordance with the following:

1. Acceptance of Tax Returns
   a. The AABs shall ensure the completeness and correctness of documents received; and
   b. AABs shall ensure that:
      - Returns/document/payment received are properly acknowledged by stamping "RECEIVED" on all the returns/documents received;

- Returns and/or deposit slips are machine validated; and
- Issue proof of payment (for payments through other payment channels such as ESM, G-cash or other channels that will be allowed by the BIR).

2. Reporting of Collections

   Transmission of collection data shall follow existing policies and procedures. However, the period for transmission through Electronic Data Transmission System (EDTS) shall be within 48-hours from the time of collection on regular days and 72-hours during deadlines except in transactions which the BIR specifically requires 24-hour transmission (e.g. payment of capital gains tax)

3. Retrieving, Receiving, Processing and Storing of Tax Returns

   a. Retrieval of returns shall be on or before Tuesday following the collection week;
   b. Guidelines and procedures in retrieving, receiving, processing and storing of tax returns in the Revenue District Offices (RDOs) and Regional Offices (ROs) prescribed under Revenue Memorandum Order (RMO) 32-2000 shall be followed;
   c. In checking the procedural errors on the BCS and returns/payment forms/documents received, the revised Bank Branch Performance Statistics Form (revised BIR Form 2841) shall be accomplished by the Revenue Officer/CBR Pre-processing Data Controller (Collection Section); and
   d. It is the responsibility of the retrieving officer/ personnel to ensure that the documents received from AABs are complete. This means all the returns listed in the BCS are attached and all returns have corresponding BCS.

D. IMPOSITION OF PENALTIES

1. Based on the Performance Evaluation conducted, corresponding penalties will be imposed for every violation committed by the AABs;
2. Penalties for violations defined under Schedule of Penalties under Annex A-2 of Revenue Regulations No. 2-2008, shall strictly be enforced.

III. DUTIES AND RESPONSIBILITIES

A. The COLLECTION PROGRAMS DIVISION (CPD) shall:

1. Prepare communication to the Systems Maintenance and Support Division (SMSD) – Information System Development Service (ISDS) requesting for the data to be used for computation of AABs' float days;
2. Evaluate AABs performance relative to the acceptance of returns and reporting of collections, through the data from SMSD and Revenue Accounting Division (RAD), to determine the float period using the number of over-the-counter transactions and the imposable penalties;
3. Prepare appropriate communication to AABs to notify them of the applicable float periods for a given semester, one month prior to the float periods' effectivity, and the violations incurred and penalties due, if any, within thirty (30) days upon receipt of reports from concerned offices for the signature of Assistant Commissioner-Collection Service (ACIR-CS); and

4. Prepare communication to the Bureau of Treasury (BTr) and Revenue Accounting Division (RAD) informing them of the float periods of all AABs for every given semester, for signature of ACIR-CS.

B. The SYSTEMS MAINTENANCE AND SUPPORT DIVISION (SMSD) shall:

1. Provide the CPD of the pertinent data to be used for the determination of applicable float periods (in soft and hard copies) using the format in "Annex A".

C. The REVENUE ACCOUNTING DIVISION (RAD) shall:

1. Issue a certification to the BTr that the AAB incurred an over-remittance of tax collection due to the erroneous or double reporting, copy furnished the concerned AAB; and
2. Inform CPD of the violations committed relative to remittance of collections.

D. ACIR-CS shall:

1. Review and sign the communications to be sent to the AABs; and
2. Review and sign the communications to be sent to the BTr and RAD.

E. BANK ACCREDITATION COMMITTEE (BAC) shall:

1. Receive cases relative to bank accreditation for evaluation pursuant to existing issuances; and
2. Evaluate and recommend appropriate action on cases of AABs who have incurred same violations for more than five (5) times and those who failed to pay the imposed penalties within the prescribed period.

IV. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue

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