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

July 3, 2007

REVENUE MEMORANDUM ORDER NO. 12-2007

SUBJECT : 2007 Audit Program for Revenue District Offices

TO : All Regional Directors, Revenue District Officers, Regional Division Chiefs and Other Internal Revenue Officers and Employees Concerned

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I. Objectives

1. To enhance taxpayers' voluntary compliance by encouraging payment of correct amount of internal revenue taxes through the exercise of the enforcement function of the Bureau; and

2. To prescribe uniform policies, guidelines and procedures in the conduct of audit and investigation of tax returns by the Revenue District Offices (RDOs).

II. Coverage

Unless entitled to the benefits provided under Revenue Regulations No. 6-2005, as amended, this Order shall cover the audit/investigation of 2006 internal revenue tax returns, including those of fiscal period taxpayers whose taxable year ended on any month after June 30, 2006 but before Dec. 31, 2006. No audit of 2005 tax returns shall be initiated, except for cases involving claims for tax credit/refund, estate tax returns and requests for tax clearance of taxpayers due to retirement of business which have to be acted upon immediately, unless prior written approval is secured from the Commissioner, through the Deputy Commissioner, Operations Group.

III. Selection Criteria

A. Letters of Authority (LAs)/Audit Notices (ANs) shall be issued to cover the audit/investigation of taxpayers falling under the following selection criteria:

1. Mandatory

1.1 Taxpayers with claims for income tax refund or issuance of tax credit certificate or income tax returns showing carry-over of excess withholding tax or income tax payments where the amount of claim/carry-over exceeds

One Hundred Thousand Pesos (₱ 100,000.00) and/or where the gross sales/receipts exceed Ten Million Pesos (₱ 10,000,000.00) for taxpayers in Revenue Region Nos. 5, 6, 7 and 8 (Valenzuela, Manila, Quezon City and Makati), except RDO Nos. 35 – Romblon, 36 – Puerto Princesa and 37 – San Jose, Occidental Mindoro, and amount of claim/carry-over exceeding One Hundred Thousand Pesos (₱ 100,000.00) and/or where the gross sales/receipts exceed Five Million Pesos (₱ 5,000,000.00) for all other Regions, including the RDOs aforementioned as exceptions, which will require the audit/investigation of all internal revenue tax liabilities for the covered period (Selection Code: ITR for tax refund, ITC for tax credit certificate and ITE for income tax returns showing carry-over of excess withholding tax or income tax payments);

1.2 Taxpayers with claims for value-added tax (VAT) refund or issuance of tax credit certificate or VAT returns showing excess input tax at the end of the taxable period where the amount of claim or excess input tax exceeds One Hundred Thousand Pesos (₱ 100,000.00), which will require the specific audit/investigation of the VAT liabilities only for the covered period (Selection Code: VTR for VAT refund, VTC for VAT credit certificate and VTE for returns showing excess input tax);

1.3 Estate tax returns with other tax liabilities where the gross sales/receipts from business and/or gross estate exceed Ten Million Pesos (₱ 10,000,000.00) for Revenue Region Nos. 5, 6, 7 and 8 (Valenzuela, Manila, Quezon City and Makati), except RDO Nos. 35 – Romblon, 36 – Puerto Princesa and 37 – San Jose, Occidental Mindoro, and gross sales/receipts and/or gross estate exceeding Five Million Pesos (₱ 5,000,000.00) for all other Regions, including the RDOs mentioned as exceptions (Selection Code: EOT);

1.4 Estate tax returns with no other tax liabilities where the gross estate exceeds Ten Million Pesos (₱ 10,000,000.00) for Revenue Region Nos. 5, 6, 7 and 8 (Valenzuela, Manila, Quezon City and Makati), except RDO Nos. 35 – Romblon, 36 – Puerto Princesa and 37 – San Jose, Occidental Mindoro, and gross estate exceeding Five Million Pesos (₱ 5,000,000.00) for all other Regions, including the RDOs mentioned as exceptions (Selection Code: EST);

1.5 Request for tax clearance of taxpayers due to retirement/cessation of business with gross assets and/or gross sales/receipts exceeding Ten Million Pesos (₱ 10,000,000.00) which will require the audit/verification of all internal revenue tax liabilities for the immediately preceding year and the year of retirement of the taxpayer pursuant to Section 52 of the Code (Selection Code: RET); and

1.6 Request for tax clearance of taxpayers undergoing merger/consolidation/split-up/spin-off and other types of corporate

reorganizations with gross assets exceeding Ten Million Pesos (₱ 10,000,000.00) which will require the audit/verification of all internal revenue tax liabilities for the immediately preceding year and the year of corporate reorganization of the taxpayer, specifically, those whose juridical personality will cease (Selection Code: MCS).

2. Top Priority Taxpayers

   2.1 Hotels and other tourism-related establishments (Selection Code: HOT);

   2.2 Stockbrokers, lessors/lessees and sellers/dealers/buyers/brokers of real properties (Selection Code: REA);

   2.3 Hospitals, clinics, medical and dental laboratories (Selection Code: MED);

   2.4 Professionals - e.g. doctors, lawyers, accountants, etc. (Selection Code: PRF); and

   2.5 Contractors of government agencies, instrumentalities, local government units and government corporations (Selection Code: CON).

3. Other Priority Taxpayers

   3.1 Taxpayers with income tax due of less than 2% of gross sales/revenues or total VAT due of less than 3% of gross sales/revenues (Selection Code: LOW);

   3.2 Taxpayers with the lowest percentage of income tax due based on the ratio of income tax due over the gross sales/receipts of the top three (3) industries within the respective areas of jurisdiction of the RDO as determined by the Revenue District Officer and approved by the Regional Director (Selection Code: TOP);

   3.3 Taxpayers with no income tax return filed (Selection Code: NOR);

   3.4 Taxpayers who are reporting/filing "No Operations" Annual Income Tax Returns (Selection Code: NOP);

   Prior to the selection of the taxpayer, an ocular inspection shall be conducted to verify whether the business exists and to determine if the volume of business transactions warrants the issuance of a LA/AN.

   3.5 Taxpayers reporting net loss or no taxable income in their tax returns (Selection Code: LOS);

3.6 Taxpayers filing exempt tax returns due to availment of tax incentives or tax exemptions including foundations and selected cooperatives (Selection Code: EXP);

3.7 Taxpayers who are included in the nationwide list of Top 10,000 corporations under the jurisdiction of the respective RDOs (Selection Code: TEN);

3.8 Taxpayers newly covered by VAT under RA 9337 (Selection Code: VAT).

4. Revenue District Officers' Discretion (Selection Code: RDO)

The Revenue District Officer is given the opportunity to select taxpayers which do not fall within the guidelines established above but the total selected audit candidates shall not exceed 20% of the total number of taxpayers to be audited by the district office, without including in the basis the number of mandatory cases under paragraph III.A.1 hereof.

B. The verification/processing of the following cases shall be covered by Tax Verification Notices (TVNs):

1. Cases below the threshold as defined under paragraphs III.A.1.1 to A.1.4 of this Order;

2. Claims for tax credit/refund of excise tax under Title VI of the 1997 NIRC, regardless of amount;

3. Claims for tax credit/refund on erroneous/double payment of taxes, regardless of amount;

4. Taxpayers who are retiring from business, undergoing merger/ consolidation/split-up/spin-off and other types of corporate reorganizations with gross assets of One Million Pesos (₱ 1,000.000.00) up to Ten Million Pesos (₱ 10,000.000.00);

5. Protested cases/cases for reinvestigation;

6. Pre-audit, with resulting discrepancy, of the following 2006 income tax returns not selected for issuance of LA/AN under this Order, subject to the following scope only:

6.1 Tax returns with resulting discrepancies after pre-audit by the RDOs;

6.2 Corporate income tax returns on the applicability of the minimum corporate income tax (MCIT) pursuant to Sec. 27 (E) and Section 28

(A)(2) of the 1997 NIRC, as implemented by Revenue Regulations (RR) No. 9-98 and clarified through Revenue Memorandum Circular No. 4-2003, as may hereafter be amended;

6.3 Tax returns claiming the following deductions from gross income subject to limits under existing law and regulations:

6.3.1 Interest expense;
6.3.2 Contributions; and
6.3.3 Representation expense.

6.4 Tax returns with advance payment of taxes credited and creditable withholding taxes claimed against tax due to determine correct substantiation of the claims through the certificates attached to the returns.

IV. Policies and Procedures

1. The Regional Directors (RDs) and Revenue District Officers shall ensure that the collection from audit shall be equivalent to at least three percent (3%) of the total collections from voluntary compliance in accordance with the agreed set target for 2007 under the Office Performance Measurement System. However, in case the desired goal from audit cannot be attained due to justifiable reasons but the overall collection goal of the district office was met, the non-attainment of the 3% audit goal will not be a basis for demerit of the concerned Revenue Officers (ROs) and Officials.

2. The Revenue District Officers shall draw a list of taxpayers selected for audit under items III.A.2, A.3 and A.4 above, following the format under "Annex A" hereof which was prescribed in Revenue Memorandum Order (RMO) No. 8-2006, Prescribing the Guidelines and Procedures in the Implementation of the Letter of Authority Monitoring System (LAMS).

3. The Revenue District Officers shall submit the list to the RD, through the Chief, Assessment Division, for approval/disapproval, copy furnished the Assistant Commissioner, Assessment Service (ACIR-AS). The Assessment Service (AS) may review and evaluate the list to determine compliance with the guidelines set in selecting the taxpayers for audit and in the distribution of cases. If upon evaluation of the submitted list, it is found out that a violation has been committed, the ACIR, AS may recommend to the Commissioner the cancellation of the LA and the institution of administrative proceedings against the erring official and employee.

4. For taxpayers to be audited falling under the mandatory category enumerated under paragraph III.A.1 hereof, the concerned Revenue District Officer shall submit a request for issuance of LAs to the RD indicating therein the name of taxpayer, TIN, Selection Code, ROs to be assigned to audit and Group Supervisor.

5. All LAs/ANs shall be prepared, approved and signed by the RD for 2006 tax returns, unless otherwise directed by the Commissioner.

6. The RD shall issue the LA/AN only when the duplicate copy of the tax returns of the taxable year to be covered by the LA/AN is attached thereto, except in cases where the taxpayer was found to have failed to file the applicable tax returns and pay the corresponding taxes thereon. In cases where no return has been filed, the RD may assign the case to the Revenue District Officer having jurisdiction over the taxpayer or to the Special Investigation Division, as the case may be.

7. In the pre-audit of 2006 income tax returns to be covered by TVNs as prescribed under III.B.6 hereof, the following shall be observed:

   7.1 The RD shall issue TVNs on tax returns with discrepancies after pre-audit by the RDOs.

   7.2 TVNs shall be prepared by the RDOs and shall be approved and signed by the RD only when the duplicate copy of the tax return and the computation of the discrepancies found therein are attached to the TVN.

   7.3 The pre-audit shall not be construed as a regular audit/investigation since the RO shall limit his verification on the mathematical computation of the tax liability on the face of the return, determination of completeness of certificates of creditable withholding tax claimed and of proof of payment of advance taxes claimed/credited per return, and compliance with RR Nos. 9-98, 13-98, 13-2000 and 10-2002 as to the limitation for deductibility of expense items as reflected/claimed on the tax returns filed. No fieldwork in relation to the pre-audit of tax returns prescribed in this Order shall be allowed.

8. TVNs covering the verification of tax returns enumerated under paragraphs III.B.1 to III.B.5 of this Order shall continue to be signed by the Revenue District Officer.

9. Taxpayers who have been examined for the prior year shall not be investigated for the immediately succeeding period by the same RO/s and/or Group Supervisor, except in cases mentioned in paragraph IV.11 or when there is only one Group Supervisor or at most four (4) ROs in one district.

10. In the issuance of LAs to taxpayers enjoying tax incentives, the RDs and Revenue District Officers shall observe Sec.II.2 and Sec.II.4 of the Memorandum of Agreement (MOA) entered into by the BIR with the Board of Investments and Board of Investments-Autonomous Region of Muslim Mindanao (ARMM), as circularized in RMC No. 17-2007 and Sec. B.1 and Sec. B.2 of the MOA between BIR and Philippine Economic Zone Authority (PEZA), as circularized in RMC No. 15-2007.

11. The policy on the simultaneous investigation of all tax liabilities of the taxpayer shall be followed. One LA/TVN shall be issued for each taxable year or period to include all internal revenue tax liabilities of the taxpayer.

    11.1 For estate tax cases with other tax liabilities, three (3) separate LAs shall be issued as follows: one for the estate tax liability, one for other internal revenue tax liabilities covering the year immediately preceding the death of the taxpayer, and another LA for internal revenue tax liabilities covering the short period return. One RO shall be assigned to handle the estate tax liability as well as the other internal revenue tax liabilities of the immediately preceding year and short period return.

    11.2 In the issuance of LA/TVN covering the audit/verification of tax liabilities of taxpayers retiring from business, and taxpayers undergoing merger/consolidation/split-up/spin-off and other types of corporate reorganizations, two separate LAs/TVNs shall be issued to the same RO for the audit/verification of the immediately preceding year tax returns and the short period returns.

12. The Certificate Authorizing Registration (CAR) for estate tax cases covered by LAs shall be issued only after review of the estate tax case and other internal revenue tax liabilities by the Assessment Division and approval of the RD of the reports of investigation and payment of deficiency tax(es), if any. Thus, the reports of investigation on the other internal revenue tax liabilities must be submitted within the timeframe prescribe under paragraph IV.29 of this Order, otherwise, the concerned RO shall be administratively liable in case of failure to collect the tax liabilities arising therefrom. The Revenue District Officer must see to it that the tax dockets of estate tax cases with LAs together with the other tax liabilities are transmitted to the Assessment Division within two (2) days from the payment of deficiency tax, if any.

    In case the report of investigation on the other tax liabilities is not completed within the prescribed period to audit and the taxpayer insists that the CAR be issued even without the results of the audit on the other tax liabilities, the CAR may be issued provided that the executor or administrator or any of the legal heirs of the decedent shall post a bond, either through a bonding company or a cash bond which shall be used to settle any deficiency tax liability that may arise after the completion of the audit. In all instances, the concerned RO is mandatorily required to prepare the proposed assessment on the other tax liabilities which shall be the basis of the bond to be posted by the executor/administrator/heirs of the decedent.

13. The Assessment Division shall review estate tax cases covered by LAs within ten (10) working days from receipt of the docket. Thereafter, the docket shall be transmitted immediately to the RD for approval and returned to the concerned Revenue District Officer for the issuance of the CAR.

14. No CAR on estate tax cases covered by LAs shall be issued by the Revenue District Officer unless the approved tax docket has been officially transmitted to him by the Chief, Assessment Division. Subsequently, the approved tax docket shall be transmitted to the Regional Administrative Division for safekeeping.

15. For estate tax cases covered by TVNs, the CAR shall be issued prior to review by the Assessment Division. In instances where there are other tax liabilities involved, the CAR shall be issued only after the submission of report of verification by the RO on the estate tax as well as the other internal revenue tax liabilities, and after payment of deficiency tax liabilities, if any. Notwithstanding the issuance of CAR prior to review, the docket of estate tax cases covered by TVN shall be submitted to the Assessment Division within two (2) days from release of the CAR, and the mandatory review thereof shall not be beyond five (5) days from receipt thereof by the Assessment Division.

    In case the report of verification on the other tax liabilities is not completed within the prescribed period and the taxpayer insists that the CAR be issued, the RDO shall observe the requirement on the posting of bond under paragraph IV.12 of this Order.

16. The RD, through the Chief, Assessment Division shall monitor the compliance by the Revenue District Officer on issuance of the CAR, the filing of administrative case against the concerned RO, and the posting of the bond, if applicable.

17. The practice of issuing mission orders, correspondence letters, referral memoranda or any other similar orders for the purpose of audit examination and assessment of internal revenue taxes is hereby strictly prohibited. For purposes of surveillance, stocktaking, TCVD or any similar purpose, the issuance of mission orders shall be governed by the pertinent revenue issuances issued for that purpose.

18. Only ROs–Assessment Group shall be authorized to conduct audit and investigation of tax cases, whether in a principal or assisting capacity.

19. The audit output of every district should be at least 30% of the total number of corporate and individual business taxpayers. The Revenue District Officer shall assign these cases to ROs from time to time depending on their accomplishment and their existing workload, as well as their old pending cases and returned cases by the Assessment Division. Cases covered by TVNs and LN cases which were automatically converted to LAs shall be excluded from the count.

20. Cases to be covered by LAs/ANs shall be classified according to either gross assets or gross sales/receipts as of the end of the applicable taxable period based on the following:

Case Classification	Gross Sales/Receipts	or	Gross Assets
Small	Not more than P 5,000,000.00		Not more than - P 10,000,000.00
Medium	P5,000,000.01 -P 50,000,000.00		P 10,000,000.01 - P100,000,000.00
Large	P50,000,000.01– P100,000,000.00		P100,000,000.01 – P 200,000,000.00
Very Large	Over - P100,000,000.00		Over - P200,000,000.00

21. The concerned Revenue District Officer shall see to it that the cases are equally and fairly distributed among the ROs under his jurisdiction. As much as possible, the number of ROs, tax returns to be investigated and the case classification should be considered in the assignment of cases.

22. Each LA/AN is counted as one case of the RO assigned to the case except for LA/AN assigned to a group of ROs, which shall be counted to the lead examiner only.

23. Old pending cases (e.g., prescribing cases) that remain in the hands of ROs, heads of investigating offices or heads of the Legal Division, in violation of applicable rules and orders, shall be subjected to investigation/verification and the revenue personnel involved may be the object of appropriate sanctions/penalties. Any violation and/or unauthorized violation shall be referred by the immediate superior of the erring official/employee to the Inspection Service for appropriate investigation, copy furnished the AS and Office of the Commissioner (OCIR).

24. Cases returned after review by the Chief, Assessment Division, the RD, or any head of office in the National Office, whenever applicable, for compliance with certain documentary audit requirements or for further conduct of audit to meet some procedural requirements, shall be considered as an addition to the RD's existing workload upon receipt of the returned case or docket.

25. Cases referred to the Legal Division for issuance of Subpoena Duces Tecum (SDT), issuance of legal opinion or for filing of criminal action shall be removed from the inventory of the concerned RO for purposes of replenishment of cases. However, once the case is returned to the RO for continuation of audit/investigation after rendering the desired resolution/opinion on certain legal issues or after compliance of the taxpayer with the Subpoena Duces Tecum (SDT), this shall be considered as part of his inventory or workload.

26. The Legal Division shall act on cases referred by the RDO and Assessment Division for issuance of Subpoena Duces Tecum (SDT) within fifteen (15) days from receipt of the docket. Cases for resolution of legal issues shall be acted upon by the Legal Division within thirty (30) days from receipt of the docket by that

office. If the referred cases are not acted by the Legal Division within the prescribed time frame, it is the responsibility of the Revenue District Officer to report such inaction to the RD, who shall in turn report the concerned legal officer to the Inspection Service, copy furnished the Office of the Commissioner.

27. The Chief, Assessment Division shall prepare a semi-annual report on the number of approved reports of investigation upon review by the Office of the Assessment Division/Office of the RD. The report shall be submitted to the ACIR, Assessment Service, copy furnished the RD, not later than fifteen (15) days following the end of the semester. The said report shall contain the following information:

    a. Name of Revenue Officer/s
    b. Name of Group Supervisor
    c. Number of Reviewed Cases
    d. Number of Approved Cases
    e. Number of Returned Cases
    f. Number of times a docket is returned

28. Cases for reinvestigation/protested cases shall not be assigned to the same RO who handled the original investigation.

29. Reports of investigation of cases covered by LAs/ANs/TVNs shall be submitted by the RO within the following prescribed number of calendar days from the date of LAs/ANs/TVNs:

	No. of Days
Cases other than VAT claims for refund/credit :	
Very Large/Large	120
Medium	90
Small/TVN	60
Cases covering claims for VAT refund/credit	120 days from the submission of complete documents

30. In case the report of investigation cannot be rendered within the aforementioned time frame due to constraints attributable to the taxpayer, the RO may request for the revalidation of the LA by preparing a progress report with a valid reason for the request for revalidation duly noted by the Group Supervisor and approved by the RDO. The RDO shall transmit the entire docket of the case, including all notices with checklist of documentary requirements served to the taxpayer, to the RD for revalidation of the LA. The previously issued LA shall be stamped "Revalidated on _____" and shall be signed by the RD.

The revalidation of LA shall give rise to the extension of the period within which the concerned RO shall submit the required report of investigation to higher authorities for review and approval without the imposition of applicable administrative sanctions. Failure on the part of the RO to request for revalidation or the expiration of the "revalidation period" does not nullify the LA nor will it affect or modify the rules on the reglementary period within which an assessment may be validly issued. However, this shall be considered as a ground for the imposition of disciplinary action and demerit in the performance rating of the concerned RO, including the reassignment of the case to another RO.

31. The official duplicate copies of tax returns not selected for audit shall be stored and arranged chronologically at the Administrative Section of the RDO by taxable year, but filed alphabetically by taxpayer, one section for non-individual taxpayers, another section for individual taxpayers, for facility and ease of retrieval.

32. ROs under the Assessment Group with issued Revenue Travel Assignment Orders shall not be allowed to report to their new assignments without the proper clearance pursuant to RMO No. 5-2006. For those who fail to report their cases to secure their clearance, the Revenue District Officer of the concerned office shall recommend these ROs to undergo a retraining course in the National Office for one (1) year or be the subject of appropriate disciplinary action, whichever is applicable. The recommendation shall be submitted to the Assistant Commissioner- Assessment Service, through the RD.

    Any violation of the foregoing instructions by any RO or official shall be a ground for the imposition of appropriate administrative sanctions/penalties.

33. For offices where the LA Monitoring System (LAMS) is already rolled out, the concerned offices shall encode the LAs/ANs issued and update the status of the said LAs/ANs in the LAMS.

34. All applicable guidelines and procedures under the existing revenue issuances not inconsistent herewith shall be strictly observed by all concerned, unless amended by latter issuances.

V. REPORTING REQUIREMENTS

The following reports are required for submission to the Assessment Service every 10th of the following month:

1. For Regional Directors

    1.1 Monthly List of Letters of Authority(LAs)/Audit Notices(ANs) Issued (Annex B)

    1.2 Monthly Report of Tax Credit/Refund Approved and Granted (Annex C)

2. For the Revenue District Officers

2.1 Monthly Report of Tax Verification Notices (TVNs) Issued (Annex D)

This report shall include all TVNs issued whether signed by the RD, for cases under paragraph III.B.6, or by the Revenue District Officer, for cases under paragraphs III.B.1 to III.B.5.

2.2 Monthly Status of Letters of Authority/Audit Notice Issued and Acted Upon (Annex E)

2.3 Monthly Summary of Assessment and Collection Activities (Annex F)

2.4 Monthly Report of Cases Verified, Processed and Closed Covered by Tax Verification Notices (Annex G)

2.5 Monthly Report on Claims for Tax Refund/Issuance for Tax Credit Certificate Filed (Annex H)

2.6 Monthly Report of Tax Credit/Refund Processed (Annex I)

The RDOs shall furnish the concerned RDs with a copy of the abovementioned reports.

3. Reports prescribed under RMO No. 67-99 shall continuously be submitted to the Assessment Service:

3.1 For Regional Directors

- Regional Accomplishment Report on Assessment Activities

3.2 For Chiefs, Assessment Division

- Monthly Report on Cases/Dockets Received from Investigating Offices for Review
- Monthly Report on Reviewed Cases
- Monthly Summary of Taxes Assessed

In addition to the abovementioned reports, the RD shall submit the Performance Rating of the ROs, Group Supervisors, Assistant Revenue District Officers and Revenue District Officers, which shall be prescribed in a separate revenue issuance, to the DCIR-Operations Group, copy furnished the ACIR-Assessment Service.

VI. Cases that may be handled by or referred to the Special Investigation Division (SID)

In addition to audit cases arising from denunciation by bona fide informers and fraud and similar cases referred to by higher authorities, the concerned RDO may refer the following cases for audit to the SID:

1. Taxpayers with substantial reduction in gross sales/receipts/tax payments and/or substantial increase in cost of sales and expenses. For this purpose, the phrase "with substantial reduction in gross sales/receipts/tax payments" shall mean more than thirty percent (30%) reduction in current year's gross sales/receipts/tax payments from that of the immediately preceding year while "with substantial increase in cost of sales and expenses" shall mean more than thirty percent (30%) increase in claimed cost of sales and expenses of the immediately preceding year with no corresponding increase in the reported sales;

2. Taxpayers found understating the correct sales/income by more than thirty percent (30%) as a result of authorized surveillance/stocktaking/tax mapping activities and third party information;

3 Taxpayers who are identified through the Tax Compliance Verification Drive (TCVD) as consistent violators for non-issuance of receipts/invoices, etc. as recommended by TCVD Coordinators, or those discovered to have violated the invoicing and registration requirements through the Premyo Sa Resibo (PSR) and other programs.

For this purpose, a taxpayer is considered a "consistent violator" if he has a record of at least three (3) offenses against registration, invoicing and bookkeeping requirements.

VII. REPEALING CLAUSE

All issuances inconsistent herewith are hereby modified or repealed accordingly.

VIII. EFFECTIVITY

This Order shall take effect immediately.

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