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

March 27, 2008

REVENUE MEMORANDUM ORDER NO. 14-2008

SUBJECT : Prescribing the Policies, Guidelines and Procedures in the Temporary Allowance of Payment and Affixture of Documentary Stamp Tax Through "Constructive Stamping or Receipt System" by Taxpayers who are Mandated to Use the On-line Documentary Stamp Electronic Imprinting Machines (DSEIMs)

I. BACKGROUND

In August 2000, Revenue Regulations No. 9-2000 was issued for the mandatory use of DSEIMs for identified taxpayers/ users. However, there were several issues that surfaced during the implementation, for both the BIR and the taxpayers. At present, the most predominant problem is the loading limitation of the machines.

The maximum loading limitation of the DSEIMs is Three Million Pesos (P 3.0 M) a day, divided into two equal loadings. This amount is insufficient compared to the taxpayer's transactions involving millions of documentary stamp tax (DST). Thus, taxpayers/ users need to load their machine for several days for a single transaction involving more than three million pesos worth of DST.

Thus, to remedy the issues and problems faced by the subject taxpayer/s for the meantime that the enhancement in the DST system is being developed, the BIR hereby temporarily allows the payment through Constructive Stamping of the Tax or Receipt System.

II. OBJECTIVES

This order is issued to:

1. Prescribe uniform policies, guidelines and procedures in the payment and affixture of DST temporarily through "Constructive Stamping or Receipt System" by taxpayers/ users who are mandated to use the DSEIMs.

2. Provide a back-up system/ remedy in case of non-availability of DSEIMs and or delayed implementation of the web-based DST system.

3. Strictly monitor DST payments of said taxpayers.

4. Define the roles and responsibilities of all concerned offices.

III. DEFINITION OF TERMS

1. "Constructive Stamping or Receipt System", a system whereby constructive affixture is done by affixing to the taxable document/ facility evidencing transaction, the duplicate copy or certified true copy of the DST return (BIR Form No. 2000)/ proof of payment of DST.

2. Taxpayers/ Users – refers to the taxpayers mandated to use the DSEIMs (as stated in RMO 15-2001).

IV. POLICIES

1. The temporary use/application of "Constructive Stamping or Receipt System" (CS/RS) by taxpayers/users is allowed only until such time that the enhanced DST system is implemented;

2. Only under the following conditions shall taxpayers be qualified to use the CS/RS:

   2.1 For DSEIM users, if a single transaction involves DST of Three Million (P 3.0 M) and above ; or
   2.2 DSEIM being used reached its end of life cycle and there is no available machine for replacement/issuance; or
   2.3 DSEIM being used is on its near end of life cycle and can no longer accommodate the DST payment; or
   2.4 DSEIM being used incurred error and currently being verified by the LT-Collection Enforcement Division/ Regional Offices/ Districts and/or repaired by the supplier.

3. Taxpayers/users who intend to use the system shall inform in writing the Assistant Commissioner, Collection Service through the Chief, Collection Programs Division (CPD).

   3.1 Under IV.2.1 above- one letter for every transaction indicating therein the amount and to whom/where the DST will be applied (e.g., mortgage document);
   3.2 Under IV.2.2 and IV.2.3 above - one letter for every machine taxpayer/user; and
   3.3 Under IV.2.4 above-one for every machine taxpayer/ user until such time that the machine can be used.

4. Transfer of remaining balances shall follow the existing policies and procedures;

5. Filing and payment of DST shall be in accordance with existing rules and regulations;

6. Advance purchase of DST for future application under the CS/RS is not allowed;

7. Clustering of a maximum of four (4) branches of the taxpayers/users per machine is allowed provided that taxpayers/users are within the same Regional Office;

8. All taxpayers/ users shall allow field auditors of the Bureau of Internal Revenue and Commission on Audit (for government entities) to verify /audit all documents or record relative to the collection and remittance of DST;

10. Taxpayer/user shall issue DST collection receipt for all DST transactions;

11. The printing of the receipts to be used for DST transactions shall be in accordance with the existing rules and procedures;

12. The cost to print DST Collection Receipt shall be for the expense of taxpayer/user subject to Sec. 24 of the Tax Code (Allowable Deduction); and

13. The receipt shall be used solely for DST transactions.

V. PROCEDURES

1. The Taxpayer/ User shall:

   1.1 Inform the Assistant Commissioner- Collection Service, Attention: the Chief, Collection Programs Division by submitting a Letter of Intent to use the CS/RS indicating therein reasons that prompted them to use the said system instead of the DSEIM, including other necessary details, name of taxpayer, amount and transaction involved (e.g., DST on original issuance of shares of stocks, sales and agreements to sell, debt instruments etc.) and serial no. of DSEIM currently being used.

   1.2 If approved, the following procedures shall be followed:

      1.2.1 Register DST Collection Receipts (Section VI hereof) to the concerned RDO following the existing rules and regulations;
      1.2.2 Issue DST Collection Receipt for each DST transaction or document;
      1.2.3 Affix to the taxable document/facility evidencing transaction the original copy of DST Collection Receipt as proof of payment;

1.2.4 File and pay DST collection within five (5) days after the close of the month when the taxable documents were made, signed, issued, accepted or transferred;

1.2.4.1 For regular taxpayers, accomplish the Documentary Stamp Tax Declaration/ Return (BIR Form No. 2000). File the return, accomplish the deposit slip indicating therein the transaction for which the DST payment was intended (for single transaction involving 3 Million and above or period covered for multiple transactions) and pay the tax due through the Authorized Agent Bank (AAB), within the territorial jurisdiction of the Revenue District Office (RDO) which has jurisdiction over the residence or principal place of business of the taxpayer; and

1.2.4.2 For Large Taxpayers, file and pay through Electronic Fund Transfer Instruction System (EFTIS) and Electronic Filing and Payment System (EFPS).

1.2.5 Submit copy of the DST return and proof of payment, for monitoring and validation purposes to the Assistant Commissioner, Collection Service, attention Chief, CPD.

1.3 If disapproved, existing procedures using the DSEIMs will be followed; and

1.4 File request at the Collection Service, Attention: Collection Programs Division (CPD) if they intend to cluster with their other branches in the use of DSEIM.

2. The Authorized Agent Bank (AAB) shall:

2.1 Receive the DST return , duly accomplished deposit slip and payment of the taxpayer/ user;
2.2 Validate the return/deposit slip;
2.3 Indicate on the deposit slip the transaction for which the DST payment was intended;
2.4 Return to the taxpayer/user duplicate copy of the return and original copy of the deposit slip;
2.5 Transmit/ submit to the BIR payment data/ return/ payment forms following existing procedures; and
2.6 Follow the regular guidelines and procedures for Large taxpayers and selected regular taxpayers in the filing & payment thru EFPS.

3. The Collection Programs Division shall:

   3.1 Act on the letter of intent of the taxpayer/user and inform taxpayers/users within fifteen days from receipt thereof, if they are allowed/disallowed to use the CS/RS;
   3.2 Receive from Taxpayer/ user a copy of the return and duly validated deposit slip;
   3.3 Reconcile tax return and duly validated deposit slip with the approved requests for use of CS/RS or clustering ;
   3.4 Validate payment through Collection and Bank Reconciliation System of the Integrated Tax System of the BIR (CBR-ITS);
   3.5 Prepare report on taxpayers who are mandated to use DSEIMs but filed and paid DST through CS/RS and submit to Collection Service and concerned RDO/LTAID I/LTAID II/LTDO;
   3.6 Initiate appropriate action to taxpayers/users who used the CS/RS without approval of the Collection Service;
   3.7 Perform existing rules and procedures in handling the transfer of remaining balances, if any; and
   3.8 Consolidate and prepare Monthly DST Collection Report and submit to Assistant Commissioner-Collection Service (ACIR-CS), Deputy Commissioner-Operations Group (DCIR-OG) and Commissioner of Internal Revenue (CIR).

4. The Collection Service shall:

   4.1 Approve/ Disapprove requests of taxpayers:
      a.) to use CS/RS or
      b.) for clustering;
   4.2 Forward to CPD the approved/ disapproved requests to notify the concerned taxpayers/users on the actions taken; and
   4.3 Receive Monthly Consolidated DST Collection Report from CPD.

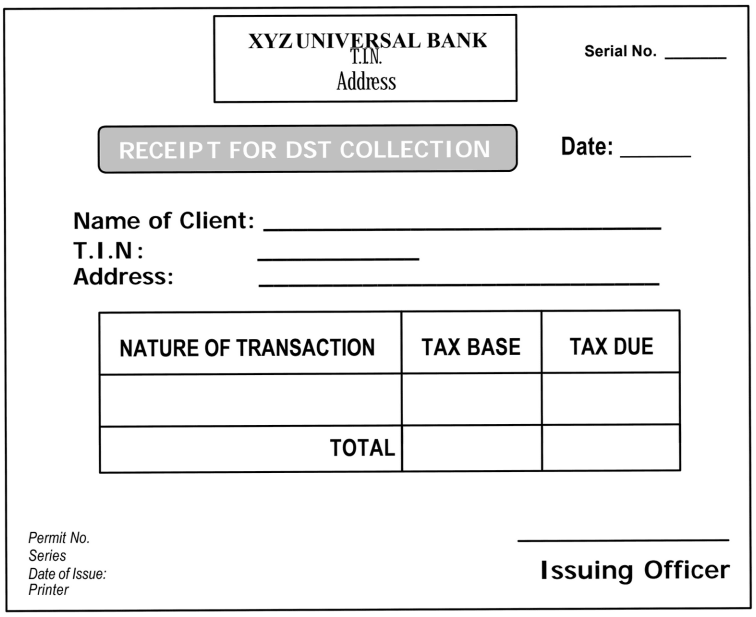
5. The Concerned Revenue District Office/LTAID I/LTAID II/ LTDO shall:

   5.1 Conduct periodic audit of all documents or records relative to the collection and remittance of DST.

VI. DST COLLECTION RECEIPT

The DST collection receipt shall contain the following information: Name of Taxpayer/User, TIN and Address, Serial No., a statement that the receipt is DST Collection Receipt, Date of Issuance of DST Collection Receipt, Name of Client, TIN, Address, Nature of Transaction, Tax Base, Tax Due, Name and Signature of Issuing Officer and Details of Authority to Print.

Below is the sample of a DST Collection Receipt:



XYZ UNIVERSAL BANK
T.I.N.
Address

Serial No. _____

RECEIPT FOR DST COLLECTION

Date: _____

Name of Client: _____
T.I.N: _____
Address: _____

NATURE OF TRANSACTION	TAX BASE	TAX DUE
TOTAL		

Permit No.
Series
Date of Issue:
Printer

_____
Issuing Officer

VII. TRANSITORY PROVISIONS

All unremitted DST collections by taxpayers/ users as of the effectivity of this Order, shall be paid within thirty (30) days after the approval of this memorandum.

VIII. EFFECTIVITY

This order shall take effect immediately.

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

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