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

July 21, 2015

REVENUE MEMORANDUM ORDER NO. 16-2015

SUBJECT : Amendments to Revenue Memorandum Order (RMO) 19-2012 dated July 31, 2012– Value Added Tax Audit Program of the Large Taxpayers Service (LTS).

TO : All Officers and Employees of the Large Taxpayers Service and Others Concerned

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I. OBJECTIVES

This Revenue Memorandum Order is issued to amend certain provisions of Revenue Memorandum Order No. 19-2012 dated July 31, 2012 for purposes of :

1. Setting higher caseload threshold for Revenue Officers under the LTS VAT Audit Group; and

2. Prescribing measures to ensure timely conclusion of VAT audit cases and to clearly define the scope of audit to be conducted in the Large Taxpayers Service vis-à-vis the cases assigned to the VAT Audit Group.

II. AMENDING PROVISIONS

The provisions prescribed under the Coverage and Audit Policies and Procedures of RMO 19-2012, shall be amended to read as follows:

" II. COVERAGE

A.1. xxx - xxx - xxx

xxx - xxx - xxx

1.9. Taxpayers whose VAT compliance is below the available established industry benchmarks (Selection Code: BIB)

1.10. Taxpayers with discrepancy in sales/revenues reported per e-Sales Report/Summary List of Sales (SLS) versus VAT Returns (Selection Code: DES); and

1.11. Taxpayers whose excess input tax carried forward in the VAT return of the succeeding quarter (line 20) is different from the input tax reflected in the VAT return of the previous quarter (line 23-A and 29) Selection Code: EIT)

A.2. xxx - xxx - xxx

2. AUDIT POLICIES AND PROCEDURES

xxx - xxx - xxx

2.4. xxx - xxx - xxx

To facilitate the reporting of VAT audit cases, the RO assigned to audit the case shall observe the following :

2.4.1 Revenue Officers are directed to perform only the audit procedures under Revenue Audit Memorandum Order (RAMO) No. 1-99 applicable to the risks identified for case selection and as a result of pre-audit analysis.

2.4.2 To provide an audit trail for the scope of the audit and to ensure that the audit activity planned and the books and records to be examined, will address the identified risks, an audit plan (Annex "A") must be completed by the Revenue Officers (for each allocated case) following their pre-audit analysis and agreed with their supervisor. If further risk areas are identified during the audit, this plan should be adjusted accordingly.

2.4.3 Only documentary requirements prescribed under RMO No. 53-98 that are applicable and relevant to the audit case shall be attached to the docket.

However, the RO is not precluded from applying the full provisions of the aforementioned revenue issuances depending on the risks/areas of assessment found (OM No. 13-06-001)"

xxx - xxx - xxx

2.9. The initial workload of each RO under this program shall be **thirty (30)** cases. In no case shall the number of cases handled by an RO exceed **thirty (30)** cases, subject to replenishment every after submission of the report of investigation/closure of each case.

xxx - xxx - xxx

However, excess in the allowable limit of **thirty (30)** cases as a result of returned case/s shall not be considered as a violation of this Order.

xxx - xxx - xxx

III. REPEALING CLAUSE

All other issuances inconsistent herewith are hereby modified or repealed accordingly,

IV. EFFECTIVITY

This Order takes effect immediately.

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

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