REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

Quezon City

August 23, 2006

REVENUE MEMORANDUM ORDER NO. 18-2006

SUBJECT: Amending Certain Provisions of Revenue Memorandum Order No. 11-2006 Regarding the Issuance of Letters of Authority (LAs)/ Audit Notices (ANs)/Tax Verification Notices (TVNs), Timeframe for the Submission of the Reports of Investigation and Review of Estate Tax Cases Covered by TVNs

TO : All Regional Directors, Revenue District Offices and Employees Concerned

I. Objective

This Order is issued to amend certain provisions of and guidelines set forth in RMO No. 11-2006 relative to the issuance of LAs/ANs/TVNs covering the audit/verification of tax returns/tax liabilities, the submission of reports of investigation and review of estate tax cases.

II. Amendment to Certain Provisions of RMO No. 11-2006

A. Section III.A.1.1 of RMO No. 11-2006 shall is amended to read as follows:

> ***"1.1 Claims for income tax refund or issuance of tax credit certificate where the amount of claim 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 Regions 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 claims 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/ITC)"***

B. Section III.A.1.3 of RMO No. 11-2006 is amended to read as follows:

> ***"1.3 Estate tax returns with other tax liabilities where the gross sales/receipts from business exceed Ten Million Pesos (₱ 10,000.000.00) for Revenue Regions Nos. 5, 6, 7 and 8, (Valenzuela, Manila, Quezon City and Makati), except in RDO Nos. 35-Romblon, 36-Puerto Princesa and 37-San Jose, Occidental Mindoro and gross sales/receipts exceeding Five Million Pesos (₱ 5,000,000.00) for all other Regions, including the RDOs mentioned as exceptions (Selection Code: EOT)"***

C. Section III.A.2 of RMO No. 11-2006 is amended to include the following criterion:

"2.7 Taxpayers with no return filed (Selection Code: NOR)"

D. Section III.A.3.3 of RMO No. 11-2006 is amended to read as follows:

"3.3 Taxpayers whose tax due/VAT payable or VAT paid for taxable year 2005 is less than that of the immediately preceding year (Selection Code:TDL)"

E. Section III.B.1 of RMO No. 11-2006 is amended to read as follows:

"1. Claims for income tax refund or issuance of tax credit certificate below the thresholds set under Section III.A.1.1 of this Order, which will require the verification of all internal revenue tax liabilities for the covered period"

F. Section III.B.3 of RMO No. 11-2006 is amended to read as follows:

"3. Estate tax returns below the thresholds set under Sections III.A.1.3 and III.A.1.4 of this Order"

G. Section III.B.6 of RMO No. 11-2006 is amended to read as follows:

"6. Taxpayers who are retiring from business with gross assets of One Million Pesos (₱ 1,000,000.00) up to Ten Million Pesos (₱ 10,000,000.00)"

H. Section IV.6 of RMO No. 11-2006 is amended to read as follows:

"6. The Regional Director shall issue the LA only when the duplicate copy of the tax returns of the taxable year to be covered by the LA 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 Regional Director may assign the case to the Revenue District Officer having jurisdiction over the taxpayer or to the Special Investigation Division."

I. Section IV.11 of RMO No. 11-2006 is amended to read as follows:

"11. The Assessment Division shall review estate tax cases covered by LAs within five (5) days from receipt of the docket. Thereafter, the docket shall be transmitted immediately to the Regional Director for approval and returned to the concerned Revenue District Office for the issuance of the CAR.

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 Revenue Officer 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

mandatory review of estate tax cases covered by TVN shall not be beyond two (2) days from receipt thereof by the Assessment Division."

J. Section IV. 27 of RMO No. 11-2006 is amended to read as follows:

" 27. Reports of investigation of all 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:

Case Classification	*No. of Days*
Cases other than VAT claims for refund/credit:	
Very Large	*120*
Large	*90*
Medium/Small	*60*
TVN	*30*
Cases covering claims for VAT refund/credit	*120 days from the submission of complete documents by the taxpayer"*

III. Repealing Clause

RMO No. 11-2006 and all other issuances inconsistent herewith are hereby amended, modified and repealed accordingly.

IV. Effectivity

This Order shall take effect immediately.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue

I-1