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

September 18, 2015

# REVENUE MEMORANDUM ORDER NO. 21-2015

**SUBJECT : GUIDELINES AND PROCEDURES ON DATA MATCHING PROCESS OF POS/CRM/SPM AND/OR OTHER SIMILAR MACHINES GENERATING RECEIPTS/INVOICES IN COMPLIANCE WITH REVENUE MEMORANDUM CIRCULAR NOS. 30-2015 AND 36-2015**

**TO : All Internal Revenue Officials, Employees and Others Concerned.**

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## I. OBJECTIVES

In compliance with the provisions of Revenue Memorandum Circular (RMC) Nos. 30-2015 and 36-2015 relative to the conversion of Provisional Permit to Use (PTU) to Final PTU and the one-time submission of inventory list of all Point-of-Sale (POS)/Cash Register Machine (CRM)/Special Purpose Machine (SPM) and/or other similar machines generating invoices/receipts, this Order is issued to:

1. Prescribe uniform guidelines and procedures in handling data/information generated through the data matching process; and
2. Define roles and responsibilities of all concerned offices for a more effective monitoring and implementation hereof.

## II. GUIDELINES AND PROCEDURES

1. **The Client Support Section (CSS) (or its equivalent section) of the Revenue District Office (RDO)/Large Taxpayers Assistance Division (LTAD)/Excise LT Regulatory Division (ELTRD)/Large Taxpayers Division (LTD) – (Makati/Cebu) shall:**

   A. Receive the one-time Inventory List of all POS/CRM/SPM and any other similar machines generating receipts/invoices pursuant to RMC No. 36-2015 on or before July 31, 2015;

   B. Check completeness of the required documents, as follows:

      i. Hardcopy and softcopy (DVD-R) of the inventory list and labeled in accordance with the format prescribed per Annex "A" and "B" of RMC No. 36-2015; and

ii. Notarized Sworn Declaration duly signed by the taxpayer or his/her authorized representative (Annex "C" of RMC No. 36-2015);

C. Pre-validate the inventory list data by checking if the submitted file is corrupted, or if data is complete (e.g., unfilled columns, erroneous entries, etc.);

D. Upload the pre-validated list to the BIR data warehouse on or before October 30, 2015, which will then be retrieved by BID for matching and reconciliation with BIR database;

E. Receive and validate all the matching results from the Business Intelligence Division (BID) and subsequently initiate the validation procedures within ten (10) days from the receipt thereof;

F. Validate all machines of each taxpayer as identified on the List of Matched CRM/POS and Compliance on e-Sales Report (**Annex "C"**) to determine compliance with the submission of monthly sales report thru the Electronic Sales (eSales) Reporting System pursuant to RMO No. 12-2012 in relation to RR No. 5-2005.

Subsequently, forward the validated list to the Assessment Section (RDO/LTDO/concerned LT-Audit Division) for the imposition of corresponding penalties.

A penalty of One Thousand Pesos (P1,000) for each month of non-submission of eSales report per machine shall be imposed, in case of failure to comply with the monthly eSales requirements in accordance with the provisions on compromise penalties under Section 250 of the NIRC of 1997, as amended, and further reiterated on Revenue Memorandum Order No. 7-2015. However, payment of penalties shall not relieve the taxpayer from the submission of the prescribed Inventory List pursuant to RMC No. 36-2015.

Further, receive the approved Letter Notice of Non-compliance (**Annex "A-1" and/or "A-2"**) from the Assessment Section (RDO/LTDO/concerned LT-Audit Division);

G. Verify if the taxpayer complied with the declaration of Z-reading based on the submitted taxpayer's inventory list. Otherwise, the appropriate penalty for non-compliance with the reporting requirements must be imposed based on existing revenue issuances. However, payment of penalties shall not relieve the taxpayer from the submission of the prescribed Inventory List pursuant to RMC No. 36-2015.

Subsequently, forward the validated list to the Assessment Section (RDO/LTD-Makati & Cebu) and to the concerned LT Audit Divisions (for LTAD & ELTRD) for immediate conduct of determining the Z-reading of the POS/CRM and other similar machines/sales receipting software;

H. Execute the following procedures upon determination that the taxpayer's inventory list **DOES NOT MATCH** with the list generated from the BIR database:

a. Accomplish the applicable validation report depending on the type of machine: Validation Report on Unmatched POS/CRM (**Annex "F-1"**) and/or Validation Report on Unmatched SPM (**Annex "F-2"**), which delineates the analysis and detailed result of BIR validation including the amount of penalties imposed for each violation.

b. Determine if the taxpayer has a pending application for registration of machine/s, in case machine was specified on the taxpayer's Inventory List but NOT EXISTING on the list of POS/CRM/SPM generated from the BIR database (e.g. machine is unregistered, or was not uploaded in the database during migration, etc.). Otherwise, require the taxpayer to register online and impose the appropriate penalties/sanctions for non-registration;

c. Verify if the taxpayer has a pending application for cancellation of machine/s by requiring the submission of a written justification and/or proof of cancellation*, in case machine was not included in the taxpayer's inventory list but EXISTING from the BIR-generated list of POS/CRM/SPM (e.g., machine was cancelled without prior notice to BIR). Otherwise, impose appropriate penalties/sanctions as prescribed under RMO No. 9-2006 in relation to RMO No. 7-2015.

**Note: The proof of cancellation is any of the following:*
1. *Approved Certificate of Cancellation from the BIR; and/or*
2. *Letter Application of Cancellation (for pending cancellation applications) and other follow-up letters related thereto;*

d. Consider discrepancies, among others, to wit:

1. Permit No.;
2. Permit Type;
3. PTU with several machines;
4. Multiple Machines under one (1) PTU;
5. Active machines with Provisional PTUs; and
6. Others, per Annex "A" of RMC No. 36-2015;

I. Revoke all machines with Provisional Permit to Use (PTU), which were not converted to Final PTU until July 31, 2015 in accordance with RMC No. 30-2015 following the revocation guidelines provided under RMO No. 10-2005;

J. Validate the Discrepancy Report (**Annex "E"**) submitted by the BID and forward the same to the Assessment Section (RDO/LTD-Makati & Cebu) and to the concerned LT Audit Divisions (for LTAD & ELTRD) for further investigation/enforcement actions; and

K. Determine the level of taxpayers' compliance with the submission of the Inventory List pursuant to RMC No. 36-2015. Those taxpayers unable to submit within the prescribed deadline shall be immediately notified and be subjected automatic revocation of the taxpayer's PTU and immediate post-evaluation of the CRM/POS/SPM, if warranted.

**2. The Assessment Section (RDO/LTD-Makati/Cebu and Large Taxpayers Service Audit Divisions) shall:**

A. Receive from the CSS (or its equivalent section) of RDO/ LTD-Makati/Cebu and LTAD & ELTRD (Large Taxpayers Audit Divisions) the following documents:

i. Validated list of taxpayers who violated the required monthly eSales report and impose the appropriate penalties and compliance on the submission of the prescribed Inventory List pursuant to RMC No. 36-2015, by accomplishing Letter Notice of Compliance (**Annex "A-1" and/or "A-2"**), which will be indorsed to the CSS (or its equivalent) upon approval of the Head of Office (RDO/Chief);

ii. Validated list of taxpayers without Z-reading declaration in the submitted inventory list for the immediate conduct of Z-reading and/or post-evaluation procedures; and

iii. Validated Discrepancy Report (**Annex "E"**) for further investigation and/or enforcement actions.

**3. The Business Intelligence Division (BID) shall:**

A. Retrieve the pre-validated Inventory List uploaded by RDO/concerned LT offices from the BIR data warehouse for matching with BIR database;

B. Generate reports on Inventory List of POS/CRM/SPM and/or other invoice/receipt generating machines from BIR database as of June 30, 2015;

C. Generate reports on the required submission of monthly sales report via Electronic Sales (eSales) Reporting System for Taxable Year 2014 and for the period January to June, 2015. In the event that there are several submissions of eSales report for a particular month/s (amended report), the last amended report submitted shall be considered;

D. Match and reconcile the pre-validated Inventory List received from RDCs with the BIR extracted list. Results of data matching shall be reported in the format prescribed under the following Annexes:

i. List of Matching Results (POS/CRM/SPM) ( **Annexes "B-1" & "B-2"**) – this report will contain the complete result of the matching done between the BIR Inventory database and the taxpayer's submitted Inventory List (matched/unmatched) on all POS/CRM/SPM and/or other invoice/receipt generating machines;

ii. List of Matched POS/CRM/SPM (**Annex "C"**) – this report will contain the list of all matched POS/CRM/SPM and the corresponding monthly eSales as reported in the Electronic Sales (eSales) Reporting System for Taxable Year 2014 and for the period January to June, 2015;

iii. List of Unmatched POS/CRM/SPM (**Annex "D"**) – this report will contain the list of all unmatched POS/CRM/SPM and the corresponding monthly eSales as reported in the Electronic Sales (eSales) Reporting System for Taxable Year 2014 and for the period January to June, 2015; and

iv. Discrepancy Report – BIR eSales Report versus Taxpayer Z-Reading (**Annex "E"**) – this report will contain the discrepancy resulting from matching the eSales as reported in the Electronic Sales (eSales) Reporting System with the Z-Reading as declared by the taxpayer in the submitted Inventory List for Taxable Year 2014 and for the period January to June, 2015.

E. Release in soft copy (DVD-R format) of the matching results as contained in the reports specified in Section II (4)(D)(i-iv) above per Taxpayer, to RDOs/LTAD/ELTRD/LTD-Makati/Cebu.

F. Provide **Summary Report** on the Validation of Taxpayer's Inventory List versus the BIR-Generated Report on CRM/POS/SPM **(Annex "G")** to Regional Director/Assistant Commissioner–Large Taxpayers Service, Deputy Commissioner-Information Systems Group and Deputy Commissioner-Operations Group.

**4. The Regional Director/Assistant Commissioner- Large Taxpayer Service shall:**

A. Provide strategic directions to ensure taxpayer compliance based on the results of matching and statistical summary report received from BID; and

B. Ensure strict enforcement of applicable internal revenue laws and regulations relative to taxpayer compliance on the registration of CRM/POS/SPM and submission of monthly eSales report.

## III. PENALTIES

Ensure that the concerned non-compliant taxpayers shall be subject to the following penalties/sanctions:

A. Automatic revocation of the taxpayer's Permit to Use (PTU) POS/CRM/SPM and/or other invoice/receipt generating machines;

B. Immediate post-evaluation procedures pursuant to RMC No. 19-2009;

C. Imposition of penalties provided under Section 250 of the National Internal Revenue Code (NIRC) of 1997, as amended, which states that in "the case of each failure to file an information return, statement or list ..... on the date prescribed there, unless it is shown that such failure is due to reasonable cause and not to willful neglect ..... " P1,000 for each failure, as also prescribed under Revenue Memorandum Order (RMO) No. 7-2015. However, "willful failure" implies fraud which cannot be compromised as stated in the same RMO; and

D. Inclusion the priority audit program of the concerned investigating Revenue office.

The payment of the appropriate penalty shall not relieve the taxpayer from the submission of the prescribed Inventory List per RMC No. 36-2015. The BIR shall enforce appropriate measures in order to ensure that the taxpayer shall fully comply with the provisions of the issued revenue issuances.

## IV. EFFECTIVITY

This Order takes effect immediately.

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