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

June 5, 2008

REVENUE MEMORANDUM ORDER NO. - 22-2008

SUBJECT: **Prescribing the Guidelines for Short-Audit of the 1st Quarter Value-Added Tax for Taxable Year 2008 of Taxpayers Under the Jurisdiction of the Large Taxpayers Service and the Regional Offices**

TO : **Assistant Commissioner/Head Revenue Executive Assistants - Large Taxpayers Service (LTS), Chiefs of the Divisions under the Large Taxpayers Service, All Regional Directors, Revenue District Officers, Chiefs of the Regional Assessment Divisions, Revenue Officers and Others Concerned**

I. Objectives

1. To enhance voluntary compliance of taxpayers through the immediate audit of currently filed quarterly VAT returns; and

2. To collect additional revenue from short audit of VAT cases and institute necessary action, where warranted.

II. Policies

1. The VAT liabilities for the 1st Quarter of taxable year 2008 of taxpayers, who were selected for audit/verification based on the selection criteria pursuant to Revenue Memorandum Order (RMO) No. 20-2008, shall be audited/verified by the concerned investigating offices.

2. Letters of Authority (LAs) shall be issued for large taxpayers selected for audit, while LAs shall be issued to cover the audit of VAT liabilities of regional taxpayers based on the following thresholds:

   2.1 Gross sales/revenues/receipts exceeding Five Million Pesos(₱ 5,000,000.00) 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

   2.2 Gross sales/revenues/receipts exceeding Two Million Pesos(₱ 2,000,000.00) for all other Regions, including RDO Nos. 35 – Romblon, 36 – Puerto Princesa and 37 – San Jose, Occidental

3. Tax Verification Notices (TVNs) shall be issued to cover the verification of VAT liabilities of regional taxpayers as follows:

   3.1 Gross sales/revenues/receipts amounting to Five Million Pesos (₱ 5,000,000.00) and below 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

   3.2 Gross sales/revenues/receipts amounting to Two Million Pesos (₱ 2,000,000.00) and below for all other Regions, including RDO Nos. 35 – Romblon, 36 – Puerto Princesa and 37 – San Jose, Occidental

4. Based on the aforementioned thresholds, the Regional Director shall issue the necessary LAs for cases under his jurisdiction while TVNs shall be signed by the Revenue District Officers.

5. For regional cases, the concerned Revenue Officers and Officials shall observe the other audit policies and procedures in the assignment of cases, submission of reports of investigation and reporting requirements prescribed in RMO No. 12-2007 that are not inconsistent herewith, unless amended by latter issuances.

6. For the Large Taxpayers Audit and Investigation Divisions and Large Taxpayers District Offices, the applicable audit policies and reporting requirements under existing issuances shall be maintained by all concerned until further amended.

III. Repealing Clause

All revenue issuances or portions thereof inconsistent herewith are hereby revoked and/or amended accordingly

IV. Effectivity

This Order shall take effect immediately.

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