REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

May 3, 2004

REVENUE MEMORANDUM ORDER NO. 24-2004

SUBJECT : Amending Certain Provisions of Section IV of Revenue Memorandum Order No. 30-2003 and Revising the Format of Certain Reports Prescribed Therein

TO : All Internal Revenue Officers and Others Concerned

I. OBJECTIVE

This Order is being issued to amend certain provisions of Section IV of Revenue Memorandum Order (RMO) No. 30-2003 to minimize processing time and to allow for timely and accurate delivery of the required data relative to Letter Notices Issued under the RELIEF System.

II. AMENDATORY PROVISION -

Section IV of RMO No. 30-2003 is hereby amended to read as follows:

"IV. PROCEDURES

A. At The Systems Operations Division (SOD)

x x x

5. a. Generate Letter of Notices (LNs) in three (3) copies to be distributed as follows:

Original/Duplicate	- RR/RDO; LTS/LTDO/LTAID
Triplicate	- File Copy

b. Prepare a List of Taxpayers issued LNs sorted by RR/RDO or LTS/LTDO/LTAID in three (3) copies, to be distributed as follows:

Original	- RR/RDO; LTS/LTDO/LTAID
Duplicate	- AITEID
Triplicate	- FAS

c. Furnish AITEID and the concerned RR/RDO; LTS/LTDO/LTAID the same list in item IV(A)(5)(b) of this Order thru e-mail to avoid encoding error.

d. Transmit in hard copy, within one (1) day from generation, the original and duplicate copy of the LNs to the FAS (Financial and Administrative Service) for delivery/mailing to the concerned RDO/LTDO/LTAID.

6. a. Generate the Details of Taxpayer's Customers' / Suppliers' Records (DTCS) corresponding to the taxpayers identified in the discrepancy list and transmit the same, via e-mail, to the concerned RR/RDO or LTS/LTDO/LTAID, copy furnished AITEID.

b. For RR/RDO without e-mail facility, transmit the DTCS to the FAS for delivery to the former.

x x x

B. At The Audit Information, Tax Exemption and Incentives Division (AITEID)

1. Receive from Systems Operations Division (SOD) the duplicate copy of the List of Taxpayers issued LNs sorted by RR/RDO or LTS/LTDO/LTAID and the DTCS corresponding to the taxpayers identified in the list via e-mail.

2. Receive from SOD a List of Taxpayers issued LNs sorted by RR/RDO or LTS/LTDO/LTAID via e-mail.

x x x

D. At The Regional Office / Large Taxpayers Service / Enforcement Service

1. Receive and review the Monthly Status Report on LNs Issued (Annex "A" hereof) submitted by the concerned RDO/LTDO/LTAID/NID.

2. Analyze and collate the data contained in the above report and prepare a Consolidated Monthly Status Report on LNs Issued, using the format prescribed in Annex "B" hereof, for submission to AITEID, copy furnished SCG, within twenty-five (25) days after the close of each month.

3. Receive from the requesting RDO/LTDO/LTAID/NID the duly accomplished "Preprocessed" RELIEF Data Request Form (RF).

x x x

6. Monitor utilization of "Preprocessed" RELIEF data referred to the concerned RDO/LTDO/LTAID/NID as narrated hereunder:

   a. Receive the Quarterly Status Report on "Preprocessed" RELIEF Data Utilization from the RDO/LTDO/LTAID/NID on or before the 20th day following the close of each quarter.

x x x

E. At the RDO/LTDO/LTAID

1.a. Acknowledge thru e-mail receipt of the following from the SOD

- List of taxpayers issued LNs and identified by a system-assigned control number
- Details of Taxpayer's Customers'/Suppliers' Records (DTCS)

b. Acknowledge thru e-mail receipt of Details of "Preprocessed" RELIEF Data acted upon by AITEID.

c. Receive from FAS the original and duplicate copy of the system-generated LNs duly signed by the Commissioner.

2. Print the DTCS and the Details of "Preprocessed" RELIEF Data.

3. Determine appropriate action on the LNs issued to taxpayers with RELIEF data discrepancy

   A. If there is an existing Letter of Authority (LA)

x x x

   B. If there is no existing audit case, serve the LN to the concerned taxpayers within five (5) days from receipt thereof

      B.1 x x x

         a. If the taxpayer does not interpose any objection to the discrepancies in the LN and pays the required taxes indicated therein within the prescribed deadline, forward the docket consisting of documents enumerated in item (b) below, together with the Monthly Status Report on LNs Issued to AITEID.

b. In all cases, prepare the docket consisting of the following documents for transmittal to the reviewing office:

1. Duplicate copy of LN
2. Computation Sheet (BIR Form 2112 A and/or 2112 B prescribed under RMO No. 42-2003 dated October 23, 2003)
3. Copy of the Latest Income Tax Return (ITR) and Audited Financial Statements to determine the Gross Profit Rate (GPR)
4. Payment Form (BIR Form 0611A)
5. Proof of payment, if any
6. Revenue Officer's Memorandum Report indicating the results of evaluation and analysis by the concerned revenue office and the latter's recommendation.

c. If upon serving the LN, it was found out that the taxpayer is under investigation pursuant to a Letter of Authority for the same taxable year and tax type by the National Investigation Division (NID)

1. If investigation is still on-going

a. Request the taxpayer for a photocopy of the said LA and transmit the same to AITIED, together with the Monthly Status Report on LNs Issued, indicating therein that the LN has been referred to NID;

b. Refer the LN, together with the DTCS, to the NID for incorporation by the latter in its audit.

2. If investigation is already completed and is pending review/closed or terminated

a. Request the taxpayer for a photocopy of the said LA together with the proof of payment of deficiency tax(es), if any;

b. Refer the LN and the DTCS, together with the proof of payment, to the concerned reviewing office to ascertain if the LN discrepancy was considered by the investigating officer in his report of investigation.

B.2. Taxpayers receiving LNs may request, in writing, for installment payment of the basic tax due plus increments per LN under the following circumstances:

a. x x x

b. x x x

c. x x x

d. If the taxpayer is requesting for installment payment scheme outside that prescribed in RMO No. 30-2003:

d.1 Prepare the docket consisting of the pertinent documents enumerated in item B.1.b

d.2 Submit the docket together with the duly accomplished Applications for Installment Payments (Annexes "H" and "H-1" of RMO 30-2003) to the concerned approving office.

x x x

B.3 If the taxpayer is refuting the accuracy of the figures in the LN, together with the DTCS –

a. Validate the figures against the VAT / Income Tax Returns, etc. filed by the taxpayers.

a.1 If the discrepancy is a result of erroneous encoding:

a.1.1 Update the records in the ITS;

a.1.2 Document all changes / updates in the ITS;

a.1.3 Prepare a report, using the format prescribed in Annex "C" hereof and submit the same to AITEID, together with the supporting documents (e.g. photocopy of Income / Value Added Tax Return, Letter of Protest of Taxpayer, etc.) forming the basis(es) of the updates/changes on or before the 25th day of the month following the close of each quarter;

a.1.4 If discrepancy is resolved in favor of the taxpayer, consider the case closed and indicate the same in the Monthly Status Report on LNs Issued. Otherwise, effect the collection of the deficiency VAT and/or other taxes, as the case may be.

The above prescribed procedure shall apply to all taxpayers for whom LNs were issued whether or not the same are under investigation pursuant to an LA / AN / TVN.

x x x

4. Prepare Monthly Status Report on LNs Issued (Annex "A" hereof) and submit the same to the RD/ACIR-LTS, copy furnished AITEID and SCG, within twenty (20) days after the close of each month.

5. Prepare the "Preprocessed" RELIEF Data Request Form (RF) (Annex "E" of RMO No. 30-2003) for approval/signature of the RD/ACIR-LTS in three (3) copies to be distributed as follows:

x x x

6. Submit the following reports to the RD/ACIR-LTS on or before the 20th day of the following month:

x x x

All activities/accomplishment of the concerned RDO/LTDO/LTAID I & II/NID in relation to this Order shall be considered in the evaluation of their performance which will be the subject of a separate Revenue Memorandum Order.

x x x

G. At the Office of Deputy Commissioner - Special Concerns Group (DCIR-SCG)

x x x

8. Conduct post audit of dockets bearing on the verification of and action on LNs issued.

9. Act on all cases/matters concerning LNs issued that cannot be resolved at the level of RDO/LTDO/LTAID.

x x x

I. At the National Investigation Division (NID)

1. Receive from the concerned RDO/LTDO/LTAID the docket containing the LN and DTCS.

2. Refer the LNs, together with the DTCS, to the concerned revenue officer for inclusion of the discrepancy in its on-going audit/investigation.

3. Require the investigating officer to incorporate the discrepancy reflected in the LN in his report of investigation.

4. Upon completion of the investigation, forward to the concerned reviewing office the docket bearing on the issued LN for review and evaluation of the extent of utilization of the discrepancy per LN. Dockets bearing on the verification of and action on LNs issued are subject to post-audit by the SCG.

5. Prepare a Monthly Status Report on LNs Issued (Annex "A" hereof) and submit the same to the Enforcement Service, copy furnished SCG and AITEID, within twenty (20) days after the close of each month.

6. Prepare the "Preprocessed" RELIEF Data Request Form (RF) (Annex "E" of RMO 30-2003) for the approval and signature of the Assistant Commissioner – Enforcement Service (ACIR-ES) in three (3) copies to be distributed as follows:

Original	-	AITEID
Duplicate	-	ACIR-ES / DCIR-LIG
Triplicate	-	file

For cases where no Letter of Authority has been issued, the RF shall be duly noted by the Deputy Commissioner – Legal and Inspection Group (DCIR-LIG).

7. Evaluate the "Preprocessed" RELIEF data furnished by AITEID and incorporate the same in the on-going audit/investigation.

8. Prepare the Quarterly Status Report on "Preprocessed" RELIEF Data Utilization (Annex "F" of RMO 30-2003) and submit to the Enforcement Service, copy furnished AITEID on or before the 20th day of the following month."

J. At the Financial and Administrative Service (FAS)

1. Receive from SOD the following, in hard copy:

   a. List of Taxpayers issued LNs sorted by RR/RDO; LTS/LTDO/LTAID
   b. Original and duplicate copies of the system-generated LNs corresponding to the taxpayers identified in item (a) above, duly signed by the Commissioner
   c. Details of Taxpayer's Customers'/Suppliers' Records (DTCS) for RDOs without e-mail facility

2. Account for the completeness of the system-generated LNs transmitted by SOD by checking the same against the List of Taxpayers issued LNs in item (a) above.

3. Deliver/mail to the concerned RDO/LTDO/LTAID items 1(b) and I(c) above.

III. The Monthly Status Report on LNs Issued, Annex "D" of RMO No. 30-2003 is reformatted as shown in Annex "A" hereof.

IV. REPEALING CLAUSE

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

V. EFFECTIVITY

This order takes effect immediately.

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue

I-2