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

July 22, 2015

REVENUE MEMORANDUM ORDER NO. 25 – 2015

SUBJECT: Prescribing the Policies, Guidelines and Procedures Relative to the Determination of Compensation for Services of Authorized Agent Banks Under the Treasury Single Account

TO : All Internal Revenue Officers and Others Concerned

I. BACKGROUND

A Treasury Single Account (TSA) is an essential tool for consolidating and managing government's cash resources, thus minimizing borrowing costs. A TSA is a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of the unity of cash and the unity of treasury, a TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments.

The Bureau of the Treasury (BTr) launched the TSA last November 25, 2013, a scheme wherein the government will have one bank account for all its line agencies. The BTr started operating the TSA last January 1, 2014 and is being maintained at the Bangko Sentral ng Pilipinas (BSP) to receive remittance of collections of national internal revenue taxes from the Authorized Agent Banks (AABs) in accordance with Executive Order No. (EO) 55.

The government's public financial management policy under E.O. 55 is to shift from collection float to a transaction fee-based scheme as a mode of compensation to AABs for rendering banking services in the collection of national internal revenue taxes.

Under the new scheme and effective January 2, 2014, AABs shall no longer hold collections for an extended period (i.e., for over-the-counter transactions: minimum of five-day float and maximum of ten-day float and for electronic transactions: minimum of two-day float and maximum of five-day float), during which they may use the collections for short-term investments and the float period serves as compensation for the AABs' service. Under the new scheme, however, they have to remit tax collections to the government's account with the BSP not later than the day immediately following the collection date and shall be paid fees based on the number of transactions processed as compensation for banking services in the collection of national internal revenue taxes.

In order to implement the TSA, there is an existing agreement among the Bureau of Internal Revenue (BIR), BTr and the AABs for the collection and remittance of national internal revenue taxes paid to AABs through Over-the-Counter (OTC) Payment and Electronic Filing and Payment System (EFPS) and eBIR Forms. To ensure that correct fees are paid by the BTr to the AABs, the BIR is required, pursuant to the Memorandum of Agreement (MOA) among the concerned parties, to validate the number of OTC and electronic transactions processed and reported by the AABs.

II. OBJECTIVES

1. To provide a mechanism in the determination of compensation for services of AABs in the collection and remittance of national internal revenue taxes to the TSA operated by the BTr and maintained at the BSP;

2. To prescribe the policies, guidelines and procedures in the determination of fees to be paid by the BTr to the AABs for facilitating the BIR collections based on the number of transactions;

3. To identify the concerned offices and revenue officials/personnel responsible in the implementation of this Order; and

4. To prescribe the reporting requirements necessary in the determination of compensation for services of AABs under the transaction fee based scheme.

III. DEFINITION OF TERMS

1. **BTr-Treasury Single Account** – refers to the bank account maintained by the Bureau of Treasury with the Bangko Sentral ng Pilipinas through which the government transacts all its receipts and payments pursuant to the provisions of Executive Order Nos. 55 and 449.

2. **Authorized Agent Bank (AAB)** – refers to a commercial or universal bank authorized by the BIR in accordance with the criteria for accreditation under pertinent revenue issuances to collect internal revenue taxes and receive the corresponding returns/attachments.

3. **Transaction Fee-Based Scheme** – refers to the mode of compensation to the BIR-AABs under the existing Memorandum of Agreement (MOA) for services rendered in the collection of internal revenue taxes pursuant to the provisions of Executive Order No. 55.

4. **Limited Bank Data Entry System (LBDES)** – refers to the Integrated Tax System (ITS) capability which allows the AAB to encode and send payment information to the Revenue Data Center (RDC) through Electronic Data Transmission (EDT).

5. **Over-the-Counter Payment (OTC)** – refers to the manual payment of tax liabilities thru the AABs.

6. **Electronic Transaction** – refers to the electronic payment of tax liabilities through the Electronic Filing and Payment System (eFPS) or the eBIR Forms developed and maintained by the Bureau of Internal Revenue and other modes of electronic payment authorized by the BIR such as G-Cash Mobile Payment System or E-Tax Payment System of the Land Bank of the Philippines.

7. **Batch Control Sheet-A (BCS-A)** – refers to the form prepared by the AAB branch and the Revenue District Office (RDO), that summarizes collection data from the return/form/declaration and deposit/payment slip of taxpayers settled through cash, check, or a combination of both.

8. **Sworn Declaration on the Number of Over-the-Counter and Electronic Transactions** – refers to the report on the number of over-the-counter (OTC) and electronic transactions processed on collections of national internal revenue taxes duly sworn and certified by the AABs and submitted to the BTr to serve as basis for the computation of transaction fees under existing MOA.

9. **BIR Certification on Number of OTC and Electronic Transactions Processed by AABs** – refers to the Certification issued by the BIR on the number of OTC and electronic transactions on collections of national internal revenue taxes processed by AABs which were successfully uploaded to the Collections & Bank Reconciliation (CBR) of the BIR Integrated Tax System (BIR-ITS) duly validated by the RDO/LTDO/LTS having jurisdiction over the AABs, in coordination with their respective Revenue Data Center (RDC)/National Office Data Center (NODC), that will serve as basis in the payment of transaction fees due to the AABs under the existing MOA.

10. **"Posted" in the CBR of the BIR-ITS** – refers to valid OTC and electronic transactions that passed the CBR validation rules and reflected in the appropriate taxpayer ledger.

11. **"Suspended" in the CBR of the BIR-ITS** – refers to invalid records which did not pass the CBR validation rules that requires corrections or resolutions of concerned parties (BIR/Bank Personnel).

IV. POLICIES AND GUIDELINES

To facilitate the issuance of the number of transactions for the payment of transaction fees, the following policies and guidelines must be followed:

1. BTr's endorsement letter shall include, as attachment, a sworn declaration from the AABs on the number of electronic and OTC transactions processed for each calendar month showing the following details and duly signed by the authorized official of the AABs:

    a. Revenue District Office No.
    b. Branch Name
    c. Bank Code

d. Mode of Payment*
e. Batch Control Sheet – A Number
f. Collection Date
g. Date Transmitted to BIR through LBDES
h. Number of Transactions

**OTC and electronic transactions should be presented separately*

2. The Systems Development Division (SDD) shall develop and request to migrate for regular scheduled run of the scripts for the generation of the following monthly/quarterly reports based on BCS-A transmitted by AABs to BIR and as recommended by the Collection Performance Monitoring Division (CPMD):

    a. Summary Report on the Number of OTC Transactions successfully uploaded in CBR of BIR-ITS (Annex "A");

    b. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of BIR-ITS (Annex "A-1");

    c. Summary Report on the Number of OTC Transactions successfully uploaded in CBR of BIR-ITS Quarterly for reconciliation purposes (Annex "A-2"); and

    d. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of BIR-ITS Quarterly for reconciliation purposes (Annex "A-3").

3. The Data Warehousing and Systems Operations Division (DWSOD), Revenue Data Centers (RDCs) and National Office Data Center (NODC) shall retrieve the output of the abovementioned reports from the directory that SDD shall provide.

    Said reports shall be submitted by DWSOD and RDCs/NODC to the CPMD and RDOs/LTS/LTDO respectively within two (2) days after batch run.

4. The RDC/NODC shall generate and provide the following reports on a per AAB basis to the RDO/LTDO/LTS for their resolution:

REPORT NAME	FREQUENCY
a. Integrity Error Report	Weekly
b. List of invalid files in EDT Server	Weekly

5. The RDO/LTDO/LTS shall review and validate the reports submitted to them by RDC/NODC and shall resolve, if there are discrepancies found attributable to the AAB (e.g., over/under remittance of collections; double uploading of BCS-A; erroneous/double posting of BCS-A transactions; incomplete information in BCS-A; incorrect numbering of BCS-A reports; erroneous encoding of TIN, name of taxpayer, amount of tax paid, tax type, return period; etc.) in coordination with the concerned AAB Branch.

   For discrepancies which are not attributable to the AABs (e.g., unfunded checks, checks with technical errors, etc.), resolution shall likewise be made and reported to the CPMD within the aforementioned period.

   The result/s of the review and validation by each RDO/LTDO/LTS on the abovementioned reports (4.a & b) shall be coordinated with RDC/NODC within five (5) days from receipt of the generated reports.

6. The CPMD shall verify and reconcile the monthly report of the number of electronic and OTC transactions processed by AABs which were successfully uploaded to the CBR of the BIR-ITS generated by the DWSOD with the sworn declaration of the number of transactions processed and submitted by AABs. If discrepancies are found, verification shall be made with the reports submitted by the RDC/NODC and RDO/LTDO/LTS.

7. The CPMD, thru the Assistant Commissioner, Collection Service, shall issue a monthly certification with attached reports signed by the Commissioner of Internal Revenue based on the number of electronic and OTC transactions processed by the AABs in the collection and remittance of national internal revenue taxes to the BTr within fifteen (15) banking days from receipt of BTr's endorsement of AABs' reports. The certification shall be based on the successfully uploaded BCS-A from the CBR of the BIR-ITS. This shall likewise be the basis for any adjustment/s on future payments to be made by BTr to the AABs.

8. The submission of all reports by AABs to the BIR for the collection of national internal revenue taxes shall continue, in accordance with existing provisions of the Memoranda of Agreement and accreditation guidelines.

9. In addition to the abovementioned reports, the submission of required Monthly Reports on Bank Performance by the concerned LTS Office/RDO to CPMD shall likewise continue in accordance with existing revenue rules and regulations.

10. All reports by concerned offices shall be submitted to the CPMD in hard and soft copies in strict compliance with the deadlines set in this Order. To ensure timely receipt of the said reports, soft copies thereof shall be sent via electronic mail to cpmd@bir.gov.ph.

V. PROCEDURES

A. The **Systems Development Division** shall:

1. Develop scripts and migrate for timely generation of the following monthly/ quarterly reports:

a. Summary Report on the Number of OTC transactions successfully uploaded in CBR of BIR-ITS (Annex A);	Every 10th day of the following month
b. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of BIR-ITS (Annex A-1);	Every 10th day of the following month
c. Summary Report on the Number of OTC transactions successfully uploaded in CBR of BIR-ITS Quarterly for reconciliation purposes (Annex A-2); and	60 days after the end of each calendar quarter
d. Summary Report on the Number of Electronic transactions successfully uploaded in CBR of BIR-ITS Quarterly for reconciliation purposes (Annex A-3)	60 days after the end of each calendar quarter

2. Modify scripts for any enhancements, if necessary.

B. The **Data Warehousing and Systems Operations Division** shall:

1. Generate the abovementioned reports in IV.2.a-d.

2. Transmit the generated aforesaid reports in CD copy to CPMD within two (2) days after batch run.

C. The **Revenue Data Center/National Office Data Center** shall:

1. Generate the following reports on a weekly basis:

   a. Integrity Error Report

   b. List of Invalid files in EDT Server;

2. Submit the reports mentioned in IV.2.a-d and V.C.1.a-b to the RDO/LTDO;

3. Coordinate with RDO/LTDO/LTS for the immediate resolution of erroneous/double posting of BCS-A Transactions; and

4. Recommend solutions/corrections for unuploaded BCS-A transactions.

D. The **Revenue District Office/Large Taxpayers District Office/Large Taxpayers Service** shall:

1. Receive from RDC the reports mentioned in IV.2.a-d and V.C.1.a-b;

2. Validate/Review the abovementioned reports:

   a. If with discrepancy, notify the concerned AAB branch in writing; and

   b. Coordinate with RDC/NODC for the resolution of erroneous/double posting of BCS-A Transactions within 5 days from receipt of the List of Discrepancies (2.a) acted upon by the concerned AAB.

3. Resolve unuploaded BCS-A, in coordination with RDC/NODC and AABs.

4. Implement the recommended solution/s by RDC/NODC for the unuploaded transactions.

E. The **Collection Performance Monitoring Division** shall:

1. Submit to the SDD the required format of the following reports:

   a. Summary Report on the Number of OTC Transactions successfully uploaded in CBR of the BIR-ITS (Annex A);

   b. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of the BIR-ITS (Annex A-1);

2. Receive from DWSOD:

   a. Summary Report on the Number of OTC Transactions successfully uploaded in CBR of the BIR-ITS (Annex A);

   b. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of the BIR-ITS (Annex A-1);

   c. Summary Report on the Number of OTC Transactions successfully uploaded in CBR of the BIR-ITS Quarterly for reconciliation purposes (Annex A-2); and

   d. Summary Report on the Number of Electronic Transactions successfully uploaded in CBR of the BIR-ITS Quarterly for reconciliation purposes (Annex A-3).

3. Receive from the BTr the endorsement letter on the validation of the reported number of electronic and OTC transactions processed by AABs with supporting documents.

4. Reconcile and verify the claimed number of electronic and OTC transactions processed by AABs per endorsement letter of the BTr with the reports submitted by the DWSOD, RDC/NODC and RDO/LTDO/LTS.

5. Prepare and send a Certification on the Number of Successfully Uploaded OTC and Electronic Transactions in CBR of the BIR-ITS within fifteen (15) days from receipt of the endorsement from the BTr.

VI. REPEALING CLAUSE

All existing rules and regulations or rulings or parts thereof, which are contrary to or inconsistent with the provisions of this Order are hereby amended, modified or repealed accordingly.

VII. EFFECTIVITY

This Order shall take effect immediately.

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

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