Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Office of the Commissioner
Quezon City

October 26, 2004

REVENUE MEMORANDUM ORDER NO. 45-2004

SUBJECT: Guidelines and Procedures on Unregistered Establishments Apprehended During the Tax Compliance Verification Drive (TCVD)

I. BACKGROUND

The Bureau of Internal Revenue has been conducting the Tax Compliance Verification Drive (TCVD) since April 2, 2003 up to the present. Many of the establishments visited were found to be unregistered. These establishments were not paying taxes for they are not even registered in the BIR, thus potential taxes are not collected from these establishments.

Reminders have been sent by the undersigned for Regional Directors (RDs) and Revenue District Officers (RDOs) to be unrelenting in following up on these firms apprehended for being unregistered until they register, file declarations and pay their taxes, i.e., until they become fully compliant which is the objective of TCVD. Early this month, I sent a text message to all RDs/RDOs again making the reminder. In addition, I said that the hard-headed firms must be closed down after enforcement action has been undertaken. Reports have been received, that while majority of the Regions and Districts already fully comprehend the instruction, some needs clarification and more details instruction. It is for these officers that the RMO is issued.

II. GUIDELINES AND PROCEDURES

A. Classifications of Unregistered Establishments apprehended during the conduct of TCVD.

1. Unregistered Establishments who remained unregistered after apprehension.

2. Unregistered Establishments who registered after apprehension but did not start paying any internal revenue tax other than the registration fees.

3. Unregistered Establishments who registered after apprehension and started paying internal revenue taxes.

B. REVENUE DISTRICT OFFICE shall:

1. Make a consolidated list of all the unregistered taxpayers apprehended since the beginning of the TCVD and classify them according to the above three (3) classifications.

2. For those in the category of payers (classification number 3), evaluate the adequacy and sufficiency of their tax payments.

3. For those in the classification 1 and classification 2 as well as those in B.2 not paying correctly, resort to measures under the existing rules and regulations such as the issuance of Letter of Authority, Letter Notices, surveillance, and inventory taking/stocktaking to ascertain tax liability.

NOTE: The foregoing guidelines and procedures shall be without prejudice to the existing rules and regulations in the issuance of Letter of Authority, Letter Notices, surveillance, and inventory taking/stocktaking.

4. Consider the suspension of business operation and the filing of appropriate charges against those unregistered establishments who remained unregistered and refused to register with the Bureau. The existing rules and regulations on suspension of business operation shall be strictly observed.

C. REVENUE REGIONAL OFFICE shall:

1. Monitor the activities of the district offices and insure that violation on the registration requirements shall be corrected immediately and the maximum collection of potential revenues from the unregistered taxpayers.

2. Insure that appropriate measures under the existing rules and regulations on unregistered establishments who remained unregistered shall be enforced accordingly.

III. RESPONSIBILITIES OF THE ASSISTANT REGIONAL DIRECTORS AND ASSISTANT REVENUE DISTRICT OFFICERS

The Assistant Regional Directors (ARDs) and the Assistant Revenue Officers (ARDOs) shall be responsible for the accomplishment of the objectives of this order in their respective jurisdictions. They shall prepare the reports required in this Order and report to the Commissioner of Internal Revenue (CIR) and the CIR's Staffs the progress on making the non-compliant establishments fully compliant. Their performance evaluation shall be based on this and among others.

IV. EFFECTIVITY

This order takes effect immediately

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