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

August 11, 2010

REVENUE MEMORANDUM ORDER NO. 69-2010

SUBJECT: Guidelines on the Issuance of Electronic Letters of Authority, Tax Verification Notices, and Memoranda of Assignment

TO : All Internal Revenue Officers, Officials and Others Concerned

I. Background

Under RMO No. 62-2010, the manual issuance of Letters of Authority (LAs) for all investigating offices under the Regional Offices, the Large Taxpayer Service (LTS), the Enforcement Service (ES), and the various Task Forces and Special Teams authorized by the Commissioner of Internal Revenue has been discontinued. This Order paved the way for the issuance of electronic LAs (eLAs) through the Letter of Authority Monitoring System (LAMS). In the said RMO, the issuance of Tax Verification Notices (TVNs) has likewise been stopped, and instead, eLAs were supposed to be issued for cases to be covered by TVNs under the 2010 Audit Program.

Revenue Memorandum Circular (RMC) No. 61-2010 has been issued suspending temporarily the issuance of eLAs. Only the Commissioner was allowed to manually issue and sign LAs. Likewise, the issuance of manual TVNs for One-Time Transaction (ONETT) cases subject to estate tax, donor's tax, and transfers of properties subject to capital gains tax (CGT)/creditable withholding tax (CWT) and documentary stamp tax (DST) related thereto was prescribed. RMC No. 56-2010, which disseminated the most recent policies on the audit of all internal revenue for liabilities for the year 2009, was revoked under RMC No. 61-2010. Further, RMO No. 64-2010 was issued to address security features of the *e*LA forms.

II. Objectives

1. To supersede RMC No. 61-2010 and amend certain provisions of RMO No. 62-2010, as amended by RMO No. 64-2010, specifically, on the issuance of eLAs, TVNs, and Memoranda of Assignment (MOA);

2. To replace manual LAs (BIR Form No. 1965) and prescribe the use of eLAs (BIR Form No. 1966) for audit/investigation purposes, including verification of claims for tax credit/refund, taxpayers retiring from business and taxpayers undergoing corporate reorganization, as prescribed under RMO No. 62-2010, as amended; and

3. To provide guidelines on the issuance of TVNs and MOA, as well as the reporting requirements for ONETT cases.

III. Policies and Guidelines

1. BIR Form No. 1966, which will be used in printing the eLA under the LAMS, shall be requisitioned from the Accountable Forms Division (AFD) by the following approving revenue officials:

Investigating Office	**Approving Official**
Revenue District Office	Regional Director
LTS Audit Divisions	Assistant Commissioner-LTS
National Investigation Division and Special Investigation Division	Commissioner

2. Only the Commissioner has system access to override *e*LAs issued for purposes of replacing regular *e*LAs into NID or SID *e*LAs for Run After Tax Evaders (RATE) purposes. The Deputy Commissioner for Legal and Inspection Group shall be given query access to the LAMS for purposes of determining if a regular *e*LA has already been issued to a taxpayer intended to be covered by the RATE program.

3. The AFD shall not issue BIR Form No. 1966 to the authorized revenue official unless all unused manual LAs (BIR Form No. 1965) issued to his office, including offices/divisions under his jurisdiction, are surrendered and accounted for as mandated under RMO No. 62-2010, as amended, and RMC No. 61-2010.

4. Starting August 16, 2010, only eLAs printed on BIR Form No. 1966 shall be issued by the Bureau for the audit/investigation of tax liabilities, except estate tax cases.

5. TVNs shall be issued for estate tax cases, irrespective of the amount of gross estate, until December 31, 2010.

6. All LAs, whether manual or electronic, issued from March 1, 2010 covering cases for 2009 and other taxable years, as well as LAs issued by the Commissioner pursuant to RMC No. 61-2010, shall be retrieved and replaced with the new *e*LA form (BIR Form No. 1966).

7. All revenue officers ordered to conduct investigation/audit through manually issued LAs prior to July 1, 2010 should continue the conduct of audit/investigation, subject to the retrieval and replacement of LAs as mandated under Item No. III 6 of this Order.

8. Manual serially-numbered MOA shall be issued for the following cases:

   8.1 Reassignment for the continuation of the audit/investigation of a case to another RO due to resignation/retirement/transfer of the original RO;

8.2 Assignment to the original RO of returned cases by the reviewing office and reassignment to another RO of returned cases in case of resignation/retirement/transfer of the original RO;

8.3 Reassignment to another RO due to referral of the case to another investigating office (e.g., cases referred to SID by the RDO);

8.4 ONETT cases (Capital gains tax/creditable withholding tax and documentary stamp tax involving transfers of real property or shares of stock and donor's tax); and

8.5 Protested cases/cases for reinvestigation.

9. TVNs/MOA/Referral Memos issued for the period March 1, 2010 up to the present should all be retrieved and converted to the appropriate documents to be issued under this Order (e.g. LAs issued for estate should be converted to TVN, TVN issued for Donation or other ONETT transactions should be converted to MOA). The replacement *e*LA/TVNs/MOA should bear the current date but should refer to the investigation authority that preceded it, and have such cancelled document as an attachment. Though currently dated, the replacement *e*LA/TVN/MOA will thus be deemed as issued at the same date with the preceding document and will not nullify the investigation or proceedings conducted under the authority of the previously issued document.

10. The time frame to submit the report of the case shall likewise be from the date of the previously issued authorizing document, if applicable. Report of investigation/verification of cases pursuant to this order shall be submitted by the Revenue Officer within the following prescribed numbers of calendar days:

Cases covered by *e*LAs other than VAT claims For refund/credit	-	180 days
Estate tax cases covered by TVNs	-	60 days
Cases covered by eLAs on VAT claims	-	60 days from submission of complete documents
MOA on ONETT cases	-	5 days from submission of complete documents
MOA on protested cases/ cases for reinvestigation	-	60 days from submission of complete documents in cases of request for reinvestigation;

60 days from date of MOA in case of request for reconsideration

11. Taxpayers should not entertain audit/investigation using TVNs or MOAs for taxable year 2009 unless for the specified cases in the preceding paragraphs.

12. The following policies and procedures in the verification, review of tax returns and issuance of Certificate Authorizing Registration (CAR) prescribed under RMO No. 15-2003 shall be observed for ONETT cases covered by TVNs and MOA.

    12.1 The Checklist of Documentary Requirements and ONETT Computation Sheet prescribed in Annexes A to A 8 and Annexes B to B4, respectively, under RMO No. 15-2003 shall be accomplished by the Revenue Officer (RO), instead of the Revenue Officer's Audit Report (BIR Form No. 0500 Series), However, the RO shall follow reporting requirements under existing issuances for the audit of other tax liabilities of the decedent.

    12.2 The CARs for ONETT, including estate tax cases, shall be issued by the Revenue District Officer after verification of the tax liabilities, prior to review by the Assessment Division, notwithstanding the pending investigation of the other internal revenue tax liabilities of the estate, if any. Nonetheless, audit of other tax liabilities shall be pursued relentlessly by the concerned investigating office. In addition, the CAR may be issued on the deed of sale of property belonging to an estate where the correct amounts of both the estate tax and the taxes on the sale (CGT/CWT and DST) have been paid, and a CAR has already been issued for the transfer of the property of the estate, even if no title has been issued yet to the heirs of the decedent.

    12.3 The review of ONETT cases shall be conducted by the Assessment Division in accordance with the policies set forth in Item Nos. II.26 and 27 of RMO No. 15-2003.

IV. Repealing Clause

All revenue issuances or portions thereof, which are inconsistent herewith, are hereby repealed accordingly.

V. Effectivity

This Order shall take effect immediately.

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