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

February 10, 2020

REVENUE MEMORANDUM ORDER NO. 7- 2020

SUBJECT : Audit/Investigation of Cooperatives

TO : All Regional Directors, Revenue District Officers, Chiefs of the Assessment Divisions of Regional Offices, Revenue Officers and Others Concerned

I. Background

Republic Act (RA) No. 10963, otherwise known as the "Tax Reform for Acceleration Inclusion" (TRAIN) Law, has amended Section 6(A) of the National Internal Revenue Code under RA No. 8424, now authorizing the Commissioner or his duly authorized representative to examine any taxpayer and the assessment of the correct amount of tax, **notwithstanding any law requiring the prior authorization of any government agency or instrumentality.** Thus, the requirement of securing authorization from the Cooperative Development Authority (CDA) before the examination of the books of accounts and other accounting records of the cooperative as provided under Section 61(3) of RA No. 9520 otherwise known as the "Philippine Cooperative Code of 2008" is no longer applicable.

II. Objective

1. To ensure the correctness of availment of tax exemptions/incentives of cooperatives pursuant to Republic Act No. 9520; and

2. To effectively monitor tax compliance of cooperatives.

III. Coverage

This Order shall cover the issuance of electronic Letters of Authority (eLAs) for the audit/investigation of cooperatives for taxable years 2018 and onwards.

IV. Audit Policies and Guidelines

1. Cooperatives which transact business with both members and non-members whose accumulated reserves and undivided net savings is more than Ten Million Pesos (Php 10,000,000.00) shall be prioritized for audit/investigation by Revenue District Offices having jurisdiction over the said cooperatives.

   Further, other cooperatives with income not related to the main/principal business/es under their Articles of Cooperation shall likewise be among those covered for priority audit, whether such cooperatives deal purely with members or both members and non-members.

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2. The policy on the maximum workload of thirty (30) cases per Revenue Officer (RO) shall not be applicable to the audit of cooperatives under this Order.

3. The Selection Code to be used for cases covered by this Order shall be "COOP".

4. The Electronic Letter of Authority Monitoring System (eLAMS) shall be used in the request, approval and issuance of eLAs, as well as in reporting the accomplishments on eLAs issued.

5. To ensure the close monitoring of cooperatives audited under this Order, the following reports shall be prepared and submitted by the Revenue District Officers to the Assistant Commissioner - Assessment Service, Attention: The Chief, Audit Information Tax Exemption & Incentives Division through email address aiteid@bir.gov.ph, not later than the 10th day of each month:

	Name of Report	Annex
5.1	List of Cooperatives with Electronic Letters of Authority (eLAs) Issued	A
5.2	Monthly Summary of Accomplishment on Audit of Cooperatives	B

V. Repealing Clause

All other issuances and/or portions thereof inconsistent herewith are hereby repealed, modified or amended accordingly.

VI. Effectivity

This Order shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue

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