REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

December 1, 2010

REVENUE MEMORANDUM ORDER NO. 83-2010

SUBJECT : Decentralized Recording of Forfeited Assets in the Books of Accounts of the Regional Offices

TO : All Internal Revenue Officers and Others Concerned

I. OBJECTIVES

1. To enhance the control, management and disposition of the Bureau's acquired/forfeited assets.

2. To prescribe uniform guidelines and procedures to be observed for the decentralized recording of all transactions involving forfeited assets in the National Government (NG) Books of Accounts of the Regional Offices.

3. To prescribe reportorial requirements to effectively monitor the acquisition and disposition of forfeited assets by the Large Taxpayer Service and Regional Offices.

4. To delineate the duties and responsibilities of all concerned revenue officials over the accurate and timely recording of all forfeited assets.

II. GUIDELINES AND POLICIES

1. All forfeited assets shall be recorded in the NG Books of Accounts maintained at the Finance Divisions of the Regional Offices having jurisdiction over the physical location of the forfeited assets, considering that the Revenue District Offices (RDOs) under the said Regional Offices have direct first-hand information about the physical existence and current condition of these assets (i.e. whether or not the titles to the forfeited assets have been duly transferred in the name of the government, the completeness and correctness of the data with respect to the name and address of the taxpayer, the total amount of delinquent account including cost incurred in forfeiture proceedings such as publication, appraiser/surveyor fees, and other related expenses to be used as one of the bases for the proper recording of the forfeited asset, the exact location of the property, the correct classification and current physical condition of the property, the date of actual forfeiture of the asset, Transfer Certificate of Title (TCT) Number, Condominium Certificate of Title (CCT) Number, Tax Declaration (TD) Number, and the current valuation (zonal value/fair market value) of the forfeited properties, etc.).

2. Forfeited shares of stocks, covered by stock certificates shall be recorded in the NG Books of the Regional Finance Division having jurisdiction over the RDO where the taxpayer from whom such shares of stocks were seized/forfeited is registered.

3. All acquired/forfeited real and personal properties by the offices under the Large Taxpayers Service (LTS) shall be reported to the RDO where these properties are physically located.

   a. Forfeited shares of stocks/bonds/other intangible properties covered by stock/bond certificates or other equivalent, documentary proofs of ownership shall be reported to the RDO of the taxpayer from whom such shares of stocks/bonds/other intangible properties were seized/forfeited.

   b. The LTS shall physically turn-over to the concerned Regional Administrative Division all the original documents pertinent to the acquired/seized/forfeited real, personal and intangible properties (e.g. original copies of TCTs, TDs, shares of stocks and such other relevant documents) to facilitate retrieval thereof when the need arises.

   c. Any proceeds from sale or disposition of these seized/acquired/forfeited assets shall be credited as collection of the abovementioned RDO.

4. The following rules shall apply with respect to the recording of forfeited assets pursuant to the Accounting policies on Garnished Properties issued by the Commission on Audit, Government Accountancy and Financial Management Information Sector (COA-GAFMIS):

   a. The forfeited real properties shall be recorded in the NG Books of the Finance Division on the date these assets were consolidated and titled in the name of the Republic of the Philippines, after the lapse of the one (1)-year redemption period. However, forfeited real properties not yet titled in the name of the government shall be disclosed in the Notes to the Financial Statements being prepared by the Chief, Finance Division every quarter.

   b. Forfeited real properties shall be recorded in the NG Books at the time of forfeiture based on their fair market values, zonal values or costs equivalent to the tax due plus surcharge, interests and other penalties on delinquencies, whichever is lower, in accordance with the herein prescribed entries:

      b.1 To record the forfeiture of property:

		Dr	Cr
Land	201	10,000	
Due to National Treasury	411		10,000

      b.2 To record sale of forfeited property:

		Dr	Cr
Cash Collecting Officer	102	14,000	
Land	201		10,000
Due to National Treasury	411		4,000

      b.3 To record remittance of collection to BTr:

		Dr	Cr
Due to National Treasury	411	14,000	
Cash Collecting Officer	102		14,000

   c. Seized/forfeited personal and intangible properties shall be recorded in the NG Books based on the fair market values of these properties or the amounts of taxes due inclusive of all applicable penalties incident to delinquencies, whichever is lower, at the time of seizure/forfeiture.

d. Seized/forfeited personal and intangible properties not yet transferred in the name of the government shall also be disclosed in the Notes to the Financial Statements being prepared by the Chief, Finance Division every quarter.

5. For purposes of devolving the recording of forfeited assets to the Regional Offices, the Inventory of Forfeited Assets reflected in the National Office (NO) NG Books of accounts as of November 30, 2010 shall be used as the initial basis therefor.

a. The Revenue Accounting Division (RAD) shall draw the Journal Entry Voucher (JEV) for each Regional Office for the transfer of forfeited assets recorded in the NO NG Books as of November 30, 2010. The schedule of personal and real assets attached to the JEV shall be the basis of the Chief of Finance Division in the preparation of the Subsidiary Ledger (SL) of each account.

		Dr	Cr
Due to National Treasury (PYA – Forfeited Assets)	411	xxx	
Land	201		xxx
Other Structures	215		xxx
Office Equipment	221		xxx
Motor Vehicles	241		xxx
Other Property, Plant & Equipment	250		xxx

To take up the transfer of forfeited assets as of November 30, 2010 from the National Office NG Books to the Regional Office NG Books pursuant to RMO No. _____ dated _____.

b. The Chief Finance Division of the Regional Office shall record in the regional books of accounts (RO-NG Books) the forfeited assets based on the JEV received from RAD as follows:

		Dr	Cr
Land	201	xxx	
Other Structures	215	xxx	
Office Equipment	221	xxx	
Motor Vehicles	241	xxx	
Other Property, Plant & Equipment	250	xxx	
Due to National Treasury (PYA – Forfeited Assets)	411		xxx

To take up in the Regional Office NG Books, the forfeited assets as of November 30, 2010 pursuant to RMO No. _____ dated _____.

c. The corresponding SLs for each of the above accounts shall also be prepared and maintained by the Chief of Finance Division based on the schedule that was attached to the JEV provided by RAD.

6. The Chiefs of the Regional Administrative Divisions shall be the sole custodians of all the dockets and original documents pertaining to all the acquired/forfeited/sold/ disposed assets under the jurisdiction of the concerned Regional Offices.

7. The Revenue District Office (RDO) shall be the Administrator of all acquired properties within his jurisdiction.

III. PROCEDURES

1. Regional Office

A. The Revenue District Office (RDO) shall:

1. Prepare and submit to the Regional Collection Division, a Monthly Report of Assets Acquired / Forfeited [(Real Properties) (*Annex "A-I")*] and a Monthly Report of Assets Seized/ Forfeited [(Personal, Including Intangible Properties) (*Annex "A-II")*] on or before the 15th day of the following month, together with certified photocopies of pertinent documents such as, but not limited to, the following:

    a. For Real Properties – Location Plan and Vicinity Map, TCT, TD, report on the description of property and the improvement thereon upon ocular inspection, Certification of Zonal Value at the time of forfeiture.

    b. For Personal Properties – Report on the description of distrained properties upon ocular inspection duly acknowledged by the taxpayer or his duly authorized representative, stocks/bonds certificate, other equivalent documentary proof.

    c. For Intangible Properties – Certificate of Registration from Government Regulatory Body (e.g. Philippine Patent Office for registered patents, etc.).

2. Prepare and submit to the Regional Collection Division a Monthly Report on Acquired/Forfeited Assets Sold/Disposed (*Annex "B"*) on or before the 15th day of the following month together with certified photocopies of pertinent documents such as, but not limited to, Deed of Sale, proof of payment of Capital Gains Tax and Documentary Stamp Tax, if applicable, Official Receipt issued evidencing receipt of proceeds from the sale/disposition of acquired/forfeited assets.

3. Prepare and submit to the Regional Collection Division, on or before the 10th day of the following month, a Monthly Report of Income derived from Acquired Assets such as rental, proceeds from sale of fruits, etc.

4. Prepare and submit to the Regional Collection Division, an Inventory Report of Assets Acquired/Forfeited [(Real Properties) (*Annex "C-I"*)] and an Inventory Report of Assets Seized/Forfeited [(Personal, Including Intangible Properties) (*Annex "C-II")*] as of December 31 of each year on or before January 15 of the following year.

5. Forward to the Regional Administrative Division, on or before the 15th day of the following month, the original copies of

pertinent documents of all assets acquired/forfeited by the district office referred to in Sections III.1 and III.2 of this Order for safekeeping.

B. The Regional Collection Division shall:

1. Receive from the RDO the Monthly Reports indicated in Section III.1.A.(1), (2), and (3) of this Order during the month together with the certified photocopies of all supporting documents.

2. Consolidate the Monthly Reports on Assets Acquired/Forfeited and the Monthly Reports on Acquired/Forfeited Assets Sold/Disposed submitted by the RDOs within the jurisdiction of the Regional Office.

3. Submit to the Regional Finance Division the Monthly Consolidated Report on Assets Acquired/Forfeited and the Monthly Consolidated Report on Acquired/Forfeited Assets Sold/Disposed on or before the 20th day of the following month, together with the certified photocopies of all the supporting documents.

4. Prepare and submit to the Collection Service copy furnished the Regional Finance Division, on or before the 15th day of the following month, a consolidated Monthly Report of Income Derived from Acquired Assets such as rental, proceeds from sale of fruits, lumber etc.

5. Prepare Consolidated Inventory of Seized and Forfeited Assets (CISFA) submitted by all the RDOs within the jurisdiction of the Regional Office and submit the same to the Collection Enforcement Division, National Office, on or before January 15 of the following year.

C. The Regional Finance Division shall:

1. Receive the copy of the Journal Entry Voucher (JEV), together with Inventory Report of Forfeited Assets as of November 30, 2010 from the Revenue Accounting Division (RAD).

2. Record in the Regional Books of Accounts (RO-NG Books) the forfeited assets as November 30, 2010 based on the JEV and the Inventory of Forfeited Assets received from RAD.

3. Receive from the Regional Collection Division the Monthly Consolidated Report on Assets Acquired/Forfeited and the Monthly Consolidated Report on Forfeited Assets Sold/Disposed (Annex "B") by the RDOs together with the certified photocopies of all the supporting documents.

4. Validate the accuracy and completeness of the information/data of the Monthly Consolidated Report on Assets Acquired/Forfeited and the Monthly Consolidated Report on Forfeited Assets Sold/Disposed from the records of the Administrative Division of the Regional Office.

5. Record in the RO-NG Books the forfeited assets acquired/sold/disposed based on the Monthly Consolidated Report on Assets Acquired/Forfeited and the Monthly Consolidated Report on Forfeited Assets Sold/Disposed submitted by the RDOs, in accordance with the accounting policies prescribed by COA-GAFMIS.

6. Maintain and update SLs of each account pertaining to forfeited assets recorded in the NG Books.

7. Coordinate with the concerned RDO, any discrepany(ies) noted between the recorded forfeited assets acquired/sold/disposed for the month and the information reflected in the Monthly Consolidated Report on Assets Acquired/Forfeited as well as the Monthly Consolidated Report on Forfeited Assets Sold/Disposed.

8. Prepare the corresponding Journal Entry Voucher (JEV) for the necessary adjustments to be made in the NG Books, if any.

9. Prepare and submit to RAD the Monthly Trial Balance (MTB) and supporting schedules for all transactions recorded in the NG Books on or before the 7th day of the following month.

D. The Regional Administrative Division shall:

1. Receive from the RDO/LTS the Monthly Report on Assets Forfeited/ Sold/Disposed during the month together with the original copies of all the supporting documents.

2. Maintain all records and pertinent documents of the assets acquired/forfeited/sold/disposed by the RDOs and ensure that the same are safely kept.

3. Observe the systematic filing of documents, ease in the retrieval thereof, accessibility to the pertinent files of these documents when the need arises, and for proper disposition of the same.

E. The Regional Director's Office shall:

1. Coordinate with the concerned RDO and the Chiefs of the Regional Collection Division and Administrative Division on the recording, management, and disposition of all acquired/forfeited assets under the jurisdiction of the Regional Office.

2. National Office

A. The Large Taxpayer Collection Enforcement Division (LTCED) and Large Taxpayer District Office (LTDO) shall:

1. Prepare and submit to the Large Taxpayer Service (LTS), a Monthly Report of Assets Acquired/ Forfeited [(Real Properties) (*Annex "A-I"*)] and a Monthly Report of Assets Seized/ Forfeited [(Personal, Including Intangible Properties) (*Annex "A-II"*)] on or before the 15th of the following month,

together with the original copies of pertinent documents such as, but not limited to, the following:

a. For Real Properties – Location Plan and Vicinity Map, TCT, TD, report on the description of property upon ocular inspection, Certification of Zonal Value at the time of forfeiture.

b. For Personal Properties – Report on the description of property upon ocular inspection, stocks/bonds certificate, other equivalent documentary proof.

c. For Intangible Properties – Certificate of Registration from Government Regulatory Body. (e.g Philippine Patent Office for registered patents, etc.).

2. Submit to the Collection Enforcement Division a copy of Monthly Report of Assets Acquired/Forfeited for monitoring purposes.

B. The Large Taxpayer Service shall:

1. Receive from LTCED/LTDO the Monthly Report of Assets Acquired / Forfeited [(Real Properties) (*Annex "A-I"*)] and Monthly Report of Assets Seized/ Forfeited [(Personal, Including Intangible Properties) (*Annex "A-II"*)] during the month together with the original copies of all the supporting documents.

2. Consolidate the monthly reports on assets acquired/forfeited submitted by LTCED and LTDOs.

3. Forward the Consolidated Monthly Report of Section III.2.B.1 of this Order and its supporting documents to the Administrative Division of the concerned Regional Office who has jurisdiction over the physical location of acquired/forfeited properties.

C. The Collection Enforcement Division shall:

1. Transmit to the Administrative Division of the concerned Regional Offices all the pertinent documents on the forfeited assets as of November 30, 2010 for devolution to the Regional Offices.

2. Receive from the LTCED, LTDOs and the Regional Collection Divisions all pertinent monthly reports prescribed under this Order.

3. Validate the information reflected in the received reports. In cases of discrepancy, communicate the same immediately to the concerned offices for the necessary corrections or amendment of the report.

4. Consolidate the annual CISFA as of December 31 of each year submitted by the Regional Collection Divisions.

5. Submit a copy of the annual CISFAs to the BIR Resident Auditor on or before January 31 of the following year.

E. The Revenue Accounting Division (RAD) shall:

1. Prepare a detailed list of Forfeited Assets as of November 30, 2010 that are recorded in the NG Books to be transferred to the concerned Regional Finance Divisions.

2. Prepare a Journal Entry Voucher (JEV) to record the transfer of Forfeited Assets from National Office NG Books to the Regional Office NG Books in accordance with the entries prescribed in the manual of new Government Accounting System mentioned in Section II.5 of this Order.

3. Transmit to the Regional Finance Divisions the copy of the JEV together with the detailed List of Forfeited Assets as of November 30, 2010.

4. Receive from Regional Finance Divisions the Regional Monthly Trial Balance (MTB) and all supporting schedules of the region on or before the 7th day of the following month.

5. Consolidate the MTBs of the Regional Offices with the National Office Trial Balance for submission to the COA and the Department of Budget and Management, together with the supporting schedules/statements on or before the 10th day of the following month.

F. The Collection Service/Financial Service shall:

1. Monitor the strict compliance by all concerned Regional and National Offices under its respective functional jurisdiction in the implementation of this Order.

IV. REPEALING CLAUSE

All revenue issuances inconsistent herewith are hereby repealed or modified accordingly.

V. EFFECTIVITY

This Order shall take effect immediately.

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