REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

15 SEP 2020
Date

REVENUE REGULATIONS NO. 22-2020

SUBJECT: **Amending Certain Sections of Revenue Regulations No. 12-1999, as Amended by Revenue Regulations No. 18-2013 and Revenue Regulations No. 7-2018, Relative to the Due Process Requirement in the issuance of a Deficiency Tax Assessment**

TO: **All Internal Revenue Officers and Others Concerned**

SECTION 1. Scope. - Pursuant to the provisions of Section 244, in relation to Section 245 of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are hereby promulgated to amend provisions of Revenue Regulations (RR) No. 12-1999, as amended by RR No. 18-2013 and RR No. 7-2018.

SECTION 2. Amendment. - Section 3 of RR No. 12-1999, as amended by RR No. 18-2013 and RR No. 7-2018, is hereby amended by providing for the preparation of a Notice of Discrepancy, instead of a Notice of Informal Conference. The pertinent provisions of Section 3 of RR No. 12-1999, as amended, shall now read as follows.

> **"SECTION. 3. Due Process Requirement in the Issuance of a Deficiency Tax Assessment.** ---
>
> 3.1 Mode of procedure in the issuance of a deficiency tax assessment:
>
> **3.1.1 Notice of Discrepancy**. – If a taxpayer is found to be liable for deficiency tax or taxes in the course of an investigation conducted by a Revenue Officer, the taxpayer shall be informed through a Notice of Discrepancy (Annex A). The Notice of Discrepancy aims to fully afford the taxpayer with an opportunity to present and explain his side on the discrepancies found.
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> The Revenue Officer who audited the taxpayer's records shall, among others, state in the initial report of investigation his findings of discrepancies.
>
> Based on the said Officer's submitted initial report of investigation, the taxpayer shall be informed, in writing, by the Revenue District Office or by the Assessment Division/Regional Investigation Division, as the case may be (in the case of Revenue Regional Offices) or by the Chief of Division concerned (in the case of the BIR National Office) of the discrepancy or discrepancies in the taxpayer's payment of his internal revenue taxes, for the purpose of the "Discussion of Discrepancy".
>
> The Discussion of Discrepancy shall in no case extend beyond thirty (30) days from receipt of the Notice of Discrepancy. It is during the Discussion of Discrepancy that the taxpayer is given the opportunity to present his side of the case and explain the discrepancy found during the investigation of the Revenue Officer assigned and submit documents to support the explanation or arguments.

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If the taxpayer disagrees with the discrepancy/discrepancies detected during the audit/investigation, the taxpayer must present an explanation and provide documents to support his explanation. The documents must be submitted during the discussion. Should the taxpayer need more time to present the documents, he may submit such documents after the discussion. The taxpayer must submit all necessary documents that supports his explanation within thirty (30) days after receipt of the Notice of Discrepancy.

If after being afforded the opportunity to present his side through the Discussion of Discrepancy, it is still found that the taxpayer is still liable for deficiency tax or taxes and the taxpayer does not address the discrepancy through payment of the deficiency taxes or the taxpayer does not agree with the findings, the investigating office, shall endorse the case to the reviewing office and approving official in the National Office or the Revenue Regional Office, for issuance of a deficiency tax assessment in the form of a Preliminary Assessment Notice within ten (10) days from the conclusion of the Discussion.

Failure on the part of Revenue Officers to comply with the periods indicated herein shall be meted with penalty as provided by existing laws, rules and regulations.

xxx xxx xxx"

SECTION 3. Repealing Clause. - Any rules and regulations or parts thereof inconsistent with the provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 4. Effectivity. - The provisions of these Regulations shall take effect after fifteen (15) days following publication in any newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance
SEP 04 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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