

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

29 October 2010

**REVENUE MEMORANDUM CIRCULAR NO. 80-2010**

**SUBJECT :** Clarifications on the Issuance of Electronic Letters of Authority Pursuant to Revenue Memorandum Order No. 69-2010

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

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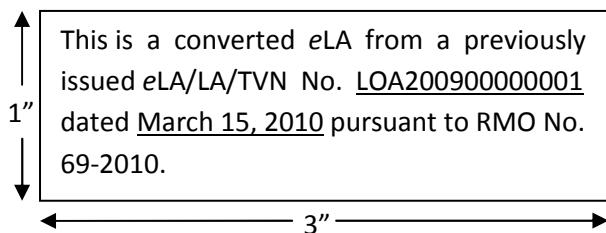
Hereunder are the most frequently asked questions on eLAS and the corresponding resolutions for your information and guidance:

**Q1: There are manually issued Letters of Authority (LAs) covering taxable year 2009, the investigation and audit of which have already been terminated, which were converted to electronic LAs (eLAs). Should these converted eLAS be served to the concerned taxpayers?**

**A1:** The converted eLAS should not be served to the concerned taxpayer. The copy of the unserved eLAs should be attached to the case docket. If the taxpayer will ask for the copy of the eLA, the eLA may be served to the taxpayer.

**Q2: How do we handle the conversion of the manually issued LAs/Tax Verification Notices (TVNs) which are still pending?**

**A2:** Pursuant to Item Nos. III. 6 and III.9 of Revenue Memorandum Order (RMO) No. 69-2010, all LAs, whether manual or electronic, and TVNs issued starting March 1, 2010 shall be converted to eLAS using the new eLA form (BIR Form No. 1966). The converted eLAS should be stamped under the date of issuance of eLA with the following notation and specification as to size and format:



It should be emphasized that although the replacement eLA bears the current date, the replacement eLA is deemed issued at the same date as the preceding document and will not nullify the investigation or proceedings already had under the authority

of the previous electronically issued LA using non-accountable form or manually issued LA/TVN.

**Q3: How do we handle the conversion of cases transferred to other Revenue District Offices (RDOs) with previously issued manual LAs?**

A3: The previously issued manual LA shall be cancelled by the old RDO and the new RDO shall issue an eLA, subject to the policies and guidelines provided under RMO No. 40-2004, as amended by RMO No. 11-2005 (Modified Procedures in Handling Taxpayers' Requests for Transfer of Registration). The old RDO will furnish the new RDO with a certified photocopy of the cancelled manual LA previously issued by his district office which will form part of the case docket in the new RDO.

**Q4: How should an eLA be issued for cases covering the audit of tax liabilities of taxpayers retiring from business where the audit/investigation shall cover the immediately preceding year and the short period return?**

A4: One eLA shall be issued for the audit/investigation of the tax liabilities covering the immediately preceding year and the short period return; however, the Revenue Officer (RO) assigned to the case shall prepare two (2) separate reports: one for the immediately preceding year, and another on the results of the audit/investigation for the short period return. This procedure is an amendment to the policy that one LA shall be issued for each taxable year prescribed under pertinent revenue issuances.

**Q5: How should an eLA be issued for refund cases involving more than one 1 taxable year (TY)/period?**

A5: One eLA shall be issued for each TY/period of claim. However, in the case of claims for Value-Added Tax (VAT) refund or issuance of tax credit certificate on a quarterly basis, the eLA shall be assigned to different ROs under the same Group Supervisor.

Example:

- | <u>No. of eLAs to be issued</u>                                                                                                                                                      |                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| • In case the taxpayer filed on same date six (6) applications for 3 <sup>rd</sup> & 4 <sup>th</sup> Quarters of 2008 and for the 1 <sup>st</sup> – 4 <sup>th</sup> Quarters of 2009 | - Two eLAs - One (1) eLA for the 3 <sup>rd</sup> & 4 <sup>th</sup> Quarters of 2008 and a separate eLA covering the four (4) Quarters of 2009 |
| • In case the taxpayer filed on same date two (2) applications, one for 3 <sup>rd</sup> & 4 <sup>th</sup> Quarters of 2008 and another for the four (4) Quarters of 2009             | - Two eLAs - One (1) eLA for the 3 <sup>rd</sup> & 4 <sup>th</sup> Quarters of 2008 and a separate eLA covering the four (4) Quarters of 2009 |
| • In case the taxpayer filed six (6) applications, on different dates, covering 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> Quarters of 2008 and TY 2009   | - Six (6) eLAs shall be issued to cover each quarter                                                                                          |

- Q6: Will eLA cases covering the audit/investigation of taxpayers retiring from business and claims for tax refund/credit be considered in determining the maximum workload limit of twenty (20) eLA cases?**
- A6: No. eLA cases covering the audit/investigation of taxpayers retiring from business and claims for tax refund/credit are considered mandatory cases that should be acted upon immediately by the investigating office, hence, these cases are not considered in the determination of the maximum workload limit of each RO.
- Q7: Can the Letter of Authority Monitoring System (LAMS) handle conversion of manually issued LAs covering TYs 2007 and 2008 issued for the period starting March 1, 2010 to eLA as required in RMO No. 69-2010?**
- A7: Yes, the LAMS can handle conversion of these LAs and shall form part of the maximum workload limit of twenty (20) cases per RO.
- Q8: What will be the involvement of the Assessment Division in the eLAS issuance?**
- A8: The Assessment Division will be involved in the monitoring of eLAS issued. Appropriate training for the concerned personnel shall be scheduled by the National Office.
- Q9: What should be used if the Selection Code is not one of those included in the list of values that can be found in the LAMS?**
- A9: All the Selection Codes were included in the list of valid values. The Selection Code for cases where written approval of the Commissioner were secured by the Regional Directors shall be "CIR." For cases selected based on the Revenue District Officer's Discretion, the Selection Code shall be "RDO".
- Q10: Will eLAs issued for the audit of taxpayers under the Conglomerate Audit Program using the non-accountable forms bearing the Assistant Commissioners for Large Taxpayers Service and Enforcement Service as signatories be replaced with eLAs using BIR Form No. 1966? If yes, who will be the signatory for the replacement eLAs?**
- A10: Yes, pursuant to RMO No. 36-2010 dated March 26, 2010, the signatory for eLAs issued for taxpayers identified under the Conglomerate Audit Program shall be the Commissioner of Internal Revenue.
- Q11: In the event that an eLA under the Bureau's conglomerates project is issued to a taxpayer, and another eLA is issued simultaneously by the Regional Office, for the same taxable year, which eLA will prevail?**
- A11: The eLA issued under the conglomerates project will prevail.

**Q12: What procedures shall be observed for the issuance of an eLA for refunds filed with the DOF One-Stop-Shop (DOF-OSS)?**

A12: The following basic steps shall be observed for the issuance of an eLA for refunds filed with the DOF-OSS:

1. The taxpayer shall file his claim for refund with the DOF-OSS Center.
2. The DOF-OSS Center shall refer the claim to the Tax Revenue Group – BIR Group (TRG-BIR Group).
3. The Head of the TRG-BIR Group shall request – online, through the LAMS – for the issuance of an eLA, for approval by the Deputy Commissioner – Operations Group (DCIR-OG).
4. The DCIR-OG shall approve the request for eLA online and electronically sign the eLA.
5. The BIR-TRG Group shall then print the approved eLA.

**Q13: Should an eLA be issued for a request for refund filed by a foreign embassy for the benefit of its personnel?**

A13: No. An eLA is not necessary for the processing of a request for refund filed by a foreign embassy for the benefit of its employees. A Memorandum of Assignment shall simply be issued by the RDO having jurisdiction over refunds of foreign embassies and its personnel.

**Q14: What are the policies and requirements for subsequent requisition of BIR Form No. 1966?**

A14: Upon utilization of at least 90% of the previously issued BIR Form No. 1966 to the Office of the Commissioner, the Large Taxpayers Service (Regular and Excise), the Revenue Regional Offices (Office of the Regional Director) within Metro Manila and of at least 75% to the Revenue Regional Offices outside Metro Manila, the authorized revenue officials may requisition for BIR Form No. 1966 as evidenced by the Report of Accountability on Accountable Forms and Stock Position Sheet to be submitted to the Accountable Forms Division.

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

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