

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

3 February 2011

**REVENUE MEMORANDUM ORDER No. 4-2011**

**SUBJECT:** Amended Audit Criteria for Taxable Years 2009 and 2010

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

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**I. OBJECTIVES**

1. To supersede the previously-issued Revenue Memorandum Orders (RMOs) prescribing the criteria for the audit of TY 2009 tax returns;
2. To prescribe the criteria in the audit of TY 2010 tax returns by Revenue District Offices (RDOs), Large Taxpayers Service Audit Divisions and the National Investigation Division; and,
3. To enhance taxpayers' voluntary compliance by encouraging payment of correct amount of internal revenue taxes through the exercise of the enforcement function of the Bureau.

**II. POLICIES AND GUIDELINES**

The following policies and guidelines shall be observed in the audit of TYs 2009 and 2010 tax returns by the Revenue District Offices:

1. All taxpayers are considered as possible candidates for audit.
2. Priority shall be given to the following taxpayers who render professional services:
  - Lawyers;
  - Doctors;
  - Engineers;
  - Accountants; and
  - Other Professionals.
3. Last Priority status for income tax audit shall be accorded to those taxpayers with an effective income tax rate of eighteen percent (18%) (Gross Income X 18%).

An exception to the Last Priority status shall be those taxpayers where there are findings / suspicions of under-declaration of sales / revenues.

**III. EFFECTIVITY**

This Order supersedes RMO Nos. 80-2010 and 3-2011, and shall take effect immediately.

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