

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

September 19, 2011

**REVENUE MEMORANDUM ORDER NO. 35-2011**

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

**SUBJECT : Re-classification of Revenue District Offices**

---

**I. OBJECTIVE**

This Order is issued to update the classification of Revenue District Offices (RDOs) per Revenue Memorandum Order No. 27 – 2009 and may serve as part of the input for staffing and other purposes.

**II. DATA USED AND METHODOLOGY**

1. There shall be eight (8) classes of RDOs under the revised classification: A, B, C, D, E, F, G and H, determined using the following statistical formula:

$$k = 1 + 3.322 \log N$$

where  $k$  = Number of classes  
 $N$  = total number of observations

2. The class indicator (CI) of each RDO was computed based on the following:
  - a. 2011 RDO Goal Allocation;
  - b. Average ratio of RDO collection to total BIR collection from 2006 – 2010;
  - c. Weighted number of annual income tax returns filed per RDO over weighted number of total BIR tax returns filed in 2010 (BIR Form 1701-40%, BIR Form 1702-60%);
  - d. Weighted number of registered taxpayers as of December, 2010 per RDO over weighted number of total registered taxpayers as of December 31, 2010 (Professionals & Single Proprietors (PSP)-40%, Corporations (CORP)-60%).

3. The working formula is as follows:

$$CI = 35 \% (A) + 35 \% (B) + 15 \% (C) + 15 \% (D)$$

where :

$$A = \text{RDO Goal Share} = \frac{\text{RDO Goal}}{\text{BIR Goal}} \times 100\%$$

$$B = \text{Average Ratio of Collection by RDO}$$

$$B = \frac{\frac{\text{RDO coll}_{06}}{\text{Total BIR coll}_{06}} + \frac{\text{RDO coll}_{07}}{\text{Total BIR coll}_{07}} + \frac{\text{RDO coll}_{08}}{\text{Total BIR coll}_{08}} + \frac{\text{RDO coll}_{09}}{\text{Total BIR coll}_{09}} + \frac{\text{RDO coll}_{10}}{\text{Total BIR coll}_{10}}}{5} \times 100\%$$

$$C = \frac{\text{RDO (40\% of 1701 returns + 60\% of 1702 returns)}}{\text{BIR (40\% of 1701 returns + 60\% of 1702 returns)}} \times 100\%$$

$$D = \frac{\text{RDO (40\% of PSP + 60\% of CORP)}}{\text{BIR (40\% of PSP + 60\% of CORP)}} \times 100\%$$

4. The following table shows the distribution of RDOs by class:

#### **DISTRIBUTION OF REVENUE DISTRICTS BY CLASS**

<b>Class</b>	<b>Class Limits</b>	<b>No. of RDOs</b>
A	1.32 and above	10
B	0.80 – 1.31	10
C	0.58 – 0.79	14
D	0.47 – 0.57	14
E	0.32 – 0.46	16
F	0.23 – 0.31	20
G	0.12 – 0.22	18
H	0.11 and below	26
	<b>T O T A L</b>	<b>128</b>

The list of RDOs under the reclassification scheme is shown in Annex A.

### **III. UPDATING OF REVENUE DISTRICT OFFICE CLASSIFICATION**

RDO classification shall be updated every two (2) years.

### **IV. REPEALING CLAUSE**

This order repeals all existing regulations that are inconsistent herewith.

### **V. EFFECTIVITY**

This Order takes effect immediately.

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