

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

May 26, 2008

REVENUE MEMORANDUM ORDER NO. 25-2008

SUBJECT : **PRESCRIBING THE GUIDELINES, POLICIES AND PROCEDURES IN THE TRANSFER OF THE INTEGRATED TAX SYSTEM DATA AND RECORDS OF DELISTED AND NEWLY ENLISTED LARGE TAXPAYERS AS APPROVED BY THE COMMISSIONER OF INTERNAL REVENUE**

TO : **All Revenue Officials, Employees and Others Concerned**

I. BACKGROUND

To bring about equity in the share of the Revenue Regions (RRs) / Revenue District Offices (RDOs) and the Large Taxpayers Service (LTS) in the collection targets, a review of the collection performance of the taxpayers under the jurisdiction of LTS/RDOs was undertaken. The aftermath of the said review is the newly approved roster of large taxpayers under the LTS, resulting from enlisting/delisting of taxpayers in/from LTS. To implement the same and to facilitate the transfer of taxpayers' ITS data and records from/to the RDO/LTS office where the enlisted/delisted taxpayers are previously registered, the herein guidelines, policies and procedures are hereby prescribed.

II. OBJECTIVES

This Order is issued to:

1. Prescribe a uniform set of policies, guidelines and procedures in handling the transfer of ITS data and other records of the taxpayers for enlisting to / delisting from LTS;
2. Ensure the efficient and effective handling of ITS data and other records of delisted or enlisted large taxpayers;
3. Provide ITS access to the concerned LTS Office / RDOs on the ITS data of the enlisted / delisted taxpayers prior to their transfer; and
4. Define the duties and responsibilities of the concerned offices.

III. POLICIES, GUIDELINES AND PROCEDURES

A. REGISTRATION RECORDS

1. The transfer of ITS registration records of delisted taxpayers shall be handled by LTAD I/II/LTDO concerned using the ITS Registration System transfer facility while taxpayers for enlisting to LTS shall be handled by the Information Systems Development Service (ISDS) upon receipt of the List of Taxpayers for Enlisting/Delisting as approved by the Commissioner. Taxpayers are no longer required to submit BIR Form No. 1905 (Application for Registration Information Update) to effect the transfer of their registration to the new RDO/LTS Office concerned.

2. Filing_start_date per tax type/form type code shall be adjusted by the concerned RDO/LTS office using ITS-REG system, if necessary, based on the transfer date to prevent creation of premature stop filer cases.
3. Once the transfer has been effected in the ITS Registration System, LTAD I/II/LTDO/RDO shall generate the new Certificate of Registration (COR) of the respective taxpayers and shall ensure receipt of the same by the said taxpayers upon submission / surrender of the old COR.
4. Registration records filed with LTAD I/II/LTDO/RDO of the transferred taxpayers shall upon request of the new RDO/LTS office concerned be transmitted to the new RDO/LTS office having jurisdiction over the said taxpayers.
5. Upon effective date of the transfer, all books of accounts and other accounting records, reports, schedules, documents or information that are required to be registered/submitted shall be registered/submitted to the new RDO/LTDO/LTADI/II. However, if the taxpayers have already registered / submitted these records / reports with the old RDO/LTS office, such registration/submission is already considered sufficient compliance by the taxpayers.
6. All pending applications / letters of taxpayer (e.g. Authority To Print, Permit to Use/Adopt Computerized Accounting Systems and Components Thereof, witnessing of inventory destruction, cancellation of permit to use CRM/POS machines, accreditation of CRM/POS systems etc.) with the old RDO/LTS office as of the effective date of the transfer shall be processed / handled / acted upon by the new RDO / LTS office concerned. Accordingly, all documents pertaining to such application / letter which were received by the old RDO/LTS office should be forwarded to the new RDO / LTS office concerned.
7. All newly enlisted large taxpayers shall enroll with the Electronic Filing and Payment System (EFPS) prescribed under RR No. 9-2001 dated August 3, 2001. All delisted large taxpayers shall continue using the EFPS in the filing of their tax returns and payment of taxes due thereon.
8. Any concern/issue/query on taxpayers subject of delisting/enlisting shall be addressed by the new RDO/LTS office having jurisdiction over the said taxpayers.

B. FILING OF RETURNS AND PAYMENT OF TAXES

1. All returns of the newly enlisted/delisted large taxpayers shall be filed with the new RDO/LTS office having jurisdiction over the said taxpayers using the EFPS facility.
2. The newly enlisted large taxpayers not yet enrolled with the EFPS shall submit their application of enrollment with the EFPS at the LTS office having jurisdiction over the said taxpayers.
3. During the transition period, enlisted large taxpayers not yet enrolled in the EFPS shall be allowed to manually file their tax returns and pay the taxes due thereon at the Authorized Agent Banks (AABs) for large taxpayers. Manual filing of

returns/payment of taxes due thereon shall be approved by the Chief of the LTDPQAD before proceeding to the AABs for such filing and payment.

4. Manually filed returns of enlisted /delisted large taxpayers shall be encoded in the ITS by the new RDO/LTDO/LTDPQAD.
5. All payments of taxes and fees by the enlisted/delisted large taxpayers made at their old RDO/LTS office after the effective date of the transfer shall be credited to the new RDO/LTS office having jurisdiction over them.
6. Special access to the ITS data for online inquiry of returns filed and taxes paid with the old RDO shall be given to the authorized personnel of the new RDO/LTS office for a limited period of three (3) months after the transfer has been effected.
7. The list of suspended returns shall be generated by the concerned Revenue Data Centers (RDCs) and forwarded to the new RDO/LTS office. Suspended returns/payments shall be resolved and handled by the new RDO/LTS office.

C. AUDIT CASES

1. Taxpayers which were issued Letters of Authority (LAs)/Tax Verification Notices (TVNs)/Letter Notices (LNs) and the audit of which has already started prior to the effective date of transfer, including refund cases, shall be continued by the issuing office. Collection from such audit shall be credited to the office that conducted the audit and closed the case. The necessary adjustment in the collection report shall be done by the concerned RDC/ISOS-DC/Revenue Accounting Division (RAD) to ensure that the collection from such case is credited to the office that conducted the said audit. However, LAs/TVNs/LNs for taxable year 2006 issued to delisted taxpayers, that are not yet served to the taxpayer as of the effective date of transfer shall be cancelled by the issuing office and indorsed to the National Investigation Division (NID)/ Policy Cases Division for issuance of LA pursuant RMO 16-2008. For taxable year 2007, LAs/TVNs/LNs shall be handled by the new RDO/LTS office having jurisdiction over such taxpayer. The applicable tax returns and other audit reportorial requirements (e.g. alphabetical list of employees/payees, inventory list, list of regular suppliers, summary list of sales and purchases [SLSP], etc. for the year under audit) filed with the old RDO/LTS office concerned shall be transmitted to the new RDO/LTS office concerned.
2. All assessments covering delisted / newly enlisted taxpayers, including Informal Conference Letter (infocon), Preliminary Assessment Notice (PAN), Formal Letter of Demand (FAN), Final Decision on Disputed Assessment (FDDA) shall be handled by the old RDO/LTS office that issued such assessment until the complete termination of the case. Any collection from these assessment cases shall be credited to the RDO/LTS office that closed the case.

D. STOP FILER CASES

1. The open Return Compliance System (RCS) cases shall be tagged by the system as transferred to the new RDO from the old RDO.

2. Premature RCS cases created in the new RDO/LTS office based on the original filing_start_date shall be considered invalid and subject to datafix by the concerned RDC using existing procedures.
3. Suspended RCS open cases pending completion of audit shall be closed by the Assessment Section of the old RDO/LTS Office after termination of the audit and after the suspension lift date.
4. A list of open RCS cases shall be generated by the RDC/ISOS-DC and endorsed to the new RDO/LTS office (LTDO/LTCED).
5. The RDO/LTDO/LTCED shall be provided with special access in the Registration System, Returns Processing System, Collection and Bank Reconciliation System, Case Monitoring System, Taxpayer Accounting System and EFPS facility in the old RDO/LTS office to view, inquire and validate the cases of the newly enlisted/delisted large taxpayers.
6. After validation, Reminder Letters shall be prepared and issued by the new RDO/LTDO/LTCED for the valid RCS or stop-filer cases.
7. The new RDO/LTDO/LTCED shall pursue contact with taxpayers who have not complied with the Reminder Letter until full compliance is effected.

E. ACCOUNTS RECEIVABLE CASES

1. All dockets of outstanding accounts receivable cases of transferred taxpayers as of the effective date of the transfer shall be turned over by the old RDO/LTAID I/II/LTCED to the new RDO/LTS office having jurisdiction over the said taxpayers for the handling, collection and pursuit of summary remedies.
2. Each account receivable docket shall be covered by a status report to serve as reference of the officer who will take over the case.
3. All applications for compromise settlement and/or abatement that are not yet evaluated/recommended by the evaluators or processing office as of the effective date of transfer shall be indorsed to the new RDO/LTS office concerned having jurisdiction over the said taxpayer. However, cases which were already evaluated/recommended and forwarded/routed to TWG-Compromise Settlement and/or TWC-Abatement Cases [Regional Evaluation Board (REB), in case of Regional Office cases] prior to the effective date of transfer shall still be processed by the old RDO/LTS office concerned. A list of such cases shall be furnished by the old RDO/LTS office concerned to the corresponding new RDO/LTS office for monitoring and record purposes.

F. TCC UTILIZATION

1. All applications and documentary requirements for TCC utilization including TCCs with outstanding balances, as of the effective date of the transfer of newly enlisted and delisted large taxpayers shall be filed with the new RDO/LTS office having jurisdiction over such taxpayer.

2. Suspended TDM payments on TCC utilization processed by the new RDO/LTS office shall be resolved by the error handlers of the new RDO/LTS office.

G. 12.09 PREPARATION

The affected RDO/LTS office shall in coordination with Revenue Accounting Division and their respective Revenue Data Centers, manually adjust their 12.09 report for 2008. Tax collection from delisted / newly enlisted large taxpayers from January to May 2008 and after the effective date of delisting/enlisting shall be added to / deducted from the collections of the new RDO/LTS office concerned.

IV. TRANSITORY PROVISIONS

1. Collection of tax payments from newly enlisted large taxpayers shall be credited to the Large Taxpayers Service while collections from delisted taxpayers shall be credited to the new RDOs starting January 1, 2008.

In relation thereto, all taxes paid, regardless of Branch Code or RDO Code used by large taxpayers belonging to RDOs Nos. 116, 121, 122 and 123, starting January 2008, whether paid under the EFPS or in meritorious cases, made by way of Revenue Official Receipt (ROR) or to Authorized Agent Banks (AABs) authorized to receive payments from large taxpayers under the Large Taxpayers Service, shall be taken out by the Revenue Accounting Division (RAD) from the reported collections of the RDO which had jurisdiction over the concerned large taxpayers prior to January 1, 2008 and the same shall be correspondingly adjusted to the collection of the concerned LTS office.

2. Since the 12.09 report for January to May 2008 was already generated by the system, proper reconciliation shall be carried out by the Revenue Accounting Division (RAD)/concerned Revenue Data Centers to manually adjust the collection performance of the RDOs / LTS offices concerned.
3. A special access to the ITS and EFPS data shall be provided to the concerned LTS office for the newly enlisted large taxpayers and to the concerned RDOs for the delisted large taxpayers, for a period of three (3) months upon effective date of the transfer. Within this period, the RDO/LTS office concerned may view and print the ITS records and returns filed through the EFPS of the delisted/enlisted taxpayers for purposes of analyzing the compliance and tax payments of their respective taxpayers.
4. All applications for Authority To Print (ATP), Permit to adopt/use computerized accounting system and/or components thereof and other secondary registration received by the old RDO/LTS office as of the effective date of the transfer shall be processed by the new RDO/LTS office concerned. However, the docket must be endorsed to the new RDO/LTS office with a memorandum stating the status of the application.

As regard application for permit to use/adopt computerized accounting system and components thereof / accreditation of CRM/POS systems, where a complete systems walkthrough has already been undertaken by the old RDO/LTS office concerned at the time of receipt of Notification for Delisting/Enlisting as large taxpayer, the permit/certificate for accreditation shall be issued by the old RDO/LTS office concerned.

5. With respect to the applications for certification on inventory destruction filed by the delisted/enlisted taxpayers that were received and/or when the physical destruction of inventory was already witnessed by the LTS office/RDO concerned but the processing thereof was held in abeyance pending the determination of the correct cost by the LTAID I/II/LTDO/RDO concerned, the certification for deductibility of inventory destracted shall be issued by the new RDO/LTS office concerned having jurisdiction over the said taxpayer after ascertaining the correct value of the inventory destracted. However, the docket together with a status report shall be endorsed by the old RDO/LTS office to the new RDO/LTS office concerned.
6. All newly enlisted large taxpayers that are not yet enrolled with the EFPS shall be required to enroll with EFPS on or before June 30, 2008.
7. All tax returns and required reports/attachments (e.g. alphalist, SLSP, 2307, financial statements, etc) for 2006, 2007 and 2008 manually filed with the old RDO/LTS office concerned shall be forwarded to the new RDO/LTS office concerned.
8. All activities necessary for the effective implementation of this Order shall be accomplished by the concerned offices not later than the end of June 2008 to give enough time for the RDO/LTS office acquiring jurisdiction over the newly enlisted / delisted taxpayers to fully integrate the same in the formulation of their respective operational strategies.

IV. SANCTIONS

Any unauthorized deviation from the foregoing policies and procedures and/or violation of any provision of this Order will result in the imposition of disciplinary action to the concerned revenue officers and officials and such shall be referred to the Internal Affairs Service for appropriate action

V. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue

Note: Internal Affairs Service or Inspection Service

/D-3