

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 = Average Ratio of Collection by RDO

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

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

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

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

DISTRIBUTION OF REVENUE DISTRICTS BY CLASS

Class	Class Limits	No. of RDOs
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
	T O T A L	128

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