

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

April 30, 2007

REVENUE MEMORANDUM ORDER NO. 10-2007

**SUBJECT : BIR RESIBO PROGRAM : “PREMYO SA RESIBO” &
“NO OR COMPLAINT”**

TO : All Internal Revenue Officers and Others Concerned

I. Preliminary Statement

The monitoring of issuance of receipts by business establishments is one of the most indispensable aspects of effective tax administration.

To emphasize this fact, the Bureau of Internal Revenue (BIR) has implemented, over the years, a series of raffle promotions intended to encourage the public to habitually ask for receipts for their purchases of goods and services compelling therefore sellers of goods and services to issue receipts.

Among the many raffle programs undertaken were the “Bayan I-Text ang Resibo” which were successfully conducted in 2003 and 2004. To complement said text raffle programs, a Non-issuance of Official Receipt (NO OR) reporting facility was established to serve as an electronic medium (SMS) for consumers to report to BIR business establishments who fail or refuse to issue receipts for consummated transactions. All these programs were launched to exact higher compliance from business entities in the matter of issuance of receipts or invoices.

In 2006, the BIR and the Department of Finance joined hands with the Philippine Amusement and Gaming Corporation (PAGCOR) in undertaking the latest “resibo” SMS (Short Messaging System) or “text raffle program called Premyo sa Resibo (PSR).” With the implementation of the PSR program, data on receipts sent by participants as text entries became available and were processed by BIR to determine compliance on the part of the issuers of the receipts.

Moreover, seeing the need to provide the consumers with a permanent medium to report non-issuers of receipts, the BIR established in 2006 an electronic “NO OR” complaint facility in an effort to complement and strengthen resibo raffle programs.

Numerous complaints have already been sent to the email facility no-or-complaint@bir.gov.ph and to date, a large number of businesses have been penalized for official receipt (OR) related violations.

Considering the relative success of these projects as well as the need to continually raise the public's awareness on the importance of the issuance of receipts by business establishments, this Revenue Memorandum Order (RMO) is being issued to institutionalize the BIR Resibo Program.

II. Objectives of the Program

This Order is being issued to:

1. Improve tax awareness by encouraging the general public to continually demand, as a matter of practice, invoices for goods purchased and official receipts for services rendered;
2. Involve the private sector and underscore its role in the BIR's ultimate goal of increasing revenue collection;
3. Promote voluntary compliance from taxpayers thereby generate more revenues to support the government's fiscal consolidation program;
4. Improve knowledge on issuance of BIR-authorized/registered receipts or invoices and emphasize its importance in tax administration through continuous information and education initiatives; and
5. Populate and update the bureau's databank for effective tax enforcement activities (audit, etc.) through data mining.

III. Definition of Terms

1. **Premyo Sa Resibo (PSR) Project** – is a BIR and PAGCOR raffle promo where monthly data is derived via SMS text base;
2. **No Official Receipt (NO OR) Project** – is a facility that is intended to accept complaints /reports on individuals or business establishments not issuing official receipts (OR) or sales invoice (SI) via BIR web facility (www.bir.gov.ph), email (no-or-complaint@bir.gov.ph), telephone and walk-in complaints [Taxpayer Information and Education Division (TIED); Revenue District Office-Taxpayer Service Section; Revenue Region-Taxpayer Assistance Unit] and eventually thru Short Messaging System (SMS);

3. **Official Receipt (OR)** – is a receipt issued for every lease of goods and properties and for every sale, barter or exchange of services. It contains the following basic information or elements:

For Non-VAT Taxpayers:

- a) Business Name;
- b) Business Style;
- c) Business Address;
- d) A statement that the seller is a Non-VAT registered person, followed by his TIN;
- e) Name of Printer, Address of Printer, No. of Booklets, No. of Sets per Booklet, Number of ply/copies per set, serial number range, Authority to Print (ATP) No. and Date of Issuance of ATP at the lower left corner of the receipt.

For VAT Taxpayers (pursuant to RR 16-2005):

- f) Name of Seller;
- g) Business Style of Seller;
- h) Business Address of Seller;
- i) A statement that the seller is a VAT-registered person, followed by his TIN;
- j) Name of Buyer;
- k) Business Style of Buyer;
- l) Address of Buyer;
- m) TIN of Buyer, if VAT-registered and amount exceed P 1,000;
- n) Date of transaction;
- o) Quantity;
- p) Unit Cost;
- q) Description of the goods or properties or nature of the service;
- r) Purchase price plus the VAT, provided that:
 - The amount of tax shall be shown as a separate item in the receipt;
 - If the sale is exempt from VAT, the term “VAT-EXEMPT SALE” shall be written or printed prominently on the receipt;
 - If the sale is subject to zero percent (0%) VAT, the term “ZERO-RATED SALE” shall be written or printed prominently on the receipt;
 - If the sales involves goods, properties or services some of which are subject to and some of which are zero-rated or exempt from VAT, the receipt shall clearly indicate the breakdown of sales among taxable, exempt and zero-rated components, and the calculation of the VAT on the applicable sale.
- s) Name of Printer, Address of Printer, No. of Booklets, No. of Sets per Booklet, Number of ply/copies per set, serial number range, Authority to Print (ATP) No. and Date of Issuance of ATP at the lower left corner of the receipt.

This term shall likewise include machine-validated utility bills that bear the above information (3.a to 3.d). It does not however include credit card statements of account or similar documents showing items/transactions (purchases of goods or services) evidenced by individual receipts or invoices.

4. **Sales Invoice (SI)/Cash Invoice (CI)/Charge Invoice** – is a written account or document evidencing sale, barter or exchange of goods sold and the price charged therefor in the ordinary course of business. It contains the same information found in an OR;
5. **Cash Register Machine/Point of Sales (CRM/POS) Receipt** – is a receipt generated from machines that may or may not be electronically connected to a Computerized Accounting system (CAS) or to a central server. It contains the information as provided for in Section III.3 hereof;
6. **Fake/Spurious Receipt** – is a receipt that lacks one, some or all of the elements of a valid receipt/invoice and is passed off as duly-authorized or registered with the BIR.

More specifically, a receipt is fake or spurious if it is not registered with the BIR or not included in the series of invoice/receipt numbers covered by a duly issued ATP. Additionally, it is fake or spurious if the CRM-POS from which it is generated is not registered with BIR.

7. **No Payment Return Cases** - PSR criteria for data mining that matches data against payment data reflected in the Collection Bank Reconciliation (CBR) System for the same year;
8. **Minimal Payment Return Cases**– PSR criteria for data mining that matches the following:

$$\frac{\text{Income Tax Payment}}{\text{Gross Income / Sales}} \times 100\%$$

If quotient is < or = to 1% , then this qualifies for the minimal payment category .

9. **No Return Filed Cases**– PSR criteria for data mining that matches selected data versus or against data pertaining to VAT/Percentage Tax/Quarterly Income Tax Returns filed as reflected in the Returns Processing System (RPS).

IV. Policies

In order to attain the desired objectives, the following policies are hereby prescribed:

1. The dissemination and promotion of the nature and significance of receipts shall be a centerpiece program of the BIR and an indispensable aspect of effective tax administration;
2. The BIR shall inform and educate taxpayers and the public, including students starting from the tertiary level, on the nature, features and importance of receipts;
3. The Taxpayer Assistance Service (TAS) shall be at the forefront of this endeavor and shall enlist the participation of other BIR offices and sectors of society for the success of the same;
4. To complement the BIR thrust on information and education, raffle programs of receipts in whatever form, preferably through SMS, shall be undertaken by BIR;
5. The BIR may enlist the participation of other organizations, like PAGCOR, in running and implementing a resibo raffle program, through a Memorandum of Understanding (MOU) or other similar means;
6. The mechanics of the PSR as drawn and implemented by PAGCOR shall be fully disclosed and published in a newspaper of general circulation. The BIR thru the TAS, for its part, shall disseminate the same in a Revenue Memorandum Circular (RMC);
7. All ORs, SI/CI and CRM/POS receipts issued by professionals, private business and/or commercial establishments for purchases of goods and services by consumers shall be given emphasis in all resibo program related activities;
8. Provisional or temporary receipts, delivery receipts/invoices and similar receipts/invoices, even if printed with authorization from BIR, shall not be given focus nor allowed to be entered in any resibo raffle promo. This is to emphasize the significance and importance of official receipts/sales invoice;
9. The Taxpayer Information and Education Division (TIED), Large Taxpayers Assistance Divisions (LTAD) I and II, Revenue Region (RR) through its Taxpayer Assistance Unit (TAU), Special Investigation Division (SID) and Revenue District Office (RDO) through the Taxpayer

Service Section (TSS) shall assign dedicated computers with email/internet and telephone lines for exclusive use of PSR and “NO OR” complaints Projects;

10. The TIED, Large Taxpayers Audit and Investigation Division (LTAID) I and II, SID, TAU of Regional Office and TSS of the RDO shall likewise designate responsible person who shall act as point person for resibo-related tasks and activities (PSR and NO OR) and submit the names to TAS (see Annex “A”). This report shall be submitted through the Regional Office/ACIR-LTS for consolidation before forwarding the same to TAS;
11. The activities for the promotion and marketing of this Program including information dissemination through road shows and briefings to internal and external audiences as well as localized campaigns in the Revenue Regions (RRs) for PSR and “NO OR” shall be funded by the Special Provision No. 2 of the FY 2006 General Appropriation Act (Reenacted);
12. The list of winning raffle entries for the resibo raffle program shall be published on a regular basis. Such list shall also be posted at the BIR National Office as well as in the Regional and District Offices. Said publication and posting shall be done through the most appropriate media. The official list of the winning raffle entry/ies for the PSR shall originate from the TAS;
13. All verifications and investigations of resibo-related data, cases, and complaints shall be undertaken in accordance with the prescribed audit procedures, surveillance procedures and/or procedures on TCVD as provided under existing rules and regulations;
14. PSR Data mined reports shall be sent by TAS to the appropriate offices (e.g. RDO, LTDO, SID and LTAID I and II) through the Office of the Regional Director/Office of the ACIR-LTS, as the case may be, for verification and investigation only when it is established that at least three (3) or more separate and distinct complaints or cases against the same establishment have been made or reported to the BIR;
15. “NO OR” complaints/reports shall be handled and processed by TAS through TIED. Immediate referral of said “NO OR” complaints/cases to the RDO/LTDO/SID/LTAID I and II shall be made, since this is an external complaint. For walk-in “NO OR” complaints, the complainant must execute a sworn affidavit attesting to the veracity of the complaint. This complaint shall be immediately forwarded to the National Investigation Division (NID) or the Law Division;

16. Reports on the investigation and verification of PSR data/cases shall be submitted to TAS for consolidation while status reports on “NO OR” cases shall be submitted to TAS through TIED.

V. Guidelines and Procedures in the Verification of Data Mined under the PSR Project and NO OR complaints

A. Guidelines - see Matrix of “NO OR”/PSR Guidelines - **Annex “B”**

B. Procedures on PSR Cases:

1. Information Systems Group (ISG) shall handle and process PSR-related data and shall generate the following reports based on the following categories/PSR criteria:
 - a. No Payment Return Cases;
 - b. Minimal Payment Return Cases;
 - c. No Return Filed Cases; and
 - d. Fake/Spurious Receipt

The case creation shall be done after three (3) or more recurrences or reports or discovered violations of the same business establishment/taxpayer seller.

These reports shall be forwarded and consolidated by the Taxpayers Assistance Service (TAS);

2. TAS shall transmit the reports to concerned Revenue Region (RR)/Large Taxpayers Service (LTS) for appropriate action;
3. For cases determined to be under the jurisdiction of the Revenue Regions, the Regional Director shall decide whether or not to assign the cases to Revenue District Offices (RDOs) or Special Investigation Division (SID). For cases under the jurisdiction of the LTS, the Assistant Commissioner may refer the cases to LTAID I and II or to Large Taxpayers District Offices (LTDOs);
4. Revenue District Offices (RDOs)/Special Investigation Division (SID)/LTAID/Large Taxpayers District Office (LTDO) shall follow the herein prescribed procedures:
 - a. “No Payment Return Cases/Minimal Payment Return” Cases:
 1. If taxpayer is subject of an on-going audit pursuant to Letter of Authority covering taxable year corresponding to year of the data

mined, refer the data to the Revenue Officer (RO) handling the case for consolidation.

2. If taxpayer is not covered by any audit, validate data based on copies of tax returns on file and analyze if a Letter of Authority (LA)/Tax Verification Notice (TVN) can be issued based on criteria set under the existing audit program. If LA/TVN issuance is not possible, conduct tax compliance verification or surveillance or stocktaking, whichever is appropriate, at the discretion of the head of the office. For cases referred to SID, it shall verify/request data from concerned RDO.
 3. Cases due for verification on tax compliance shall be covered by a Mission Order and existing procedures on Tax Compliance Verification Drive (TCVD) shall be followed by the Revenue Officer assigned.
 4. Cases due for audit pursuant to LA/TVN shall be assigned to the RO (RO-Assessment or Investigating Officer, if under SID), who shall adhere to the existing audit procedures and policies.
 5. Imposed penalties on violations noted during the conduct of TCVD shall be collected pursuant to existing procedures on TCVD. Failure on the part of the taxpayer to settle the penalties and to correct the violations committed shall cause the referral of the case to Legal Division (LD)/Prosecution Division (PD) for the filing of complaint with the Prosecutor's Office.
 6. All reports on the result of verification shall be submitted to the Revenue District Officer (RDO) / Chief, SID / Chief-LTAID / LTDO.
 7. Audit reports pursuant to LA/TVN must be submitted to the Regional Office within the prescribed period as provided under audit procedures/program.
- b. "No Return Filed" Cases:
1. RDO/Chief shall validate the data based on data on file (unencoded tax returns). For cases assigned to SID, validate the data through the RDO where such taxpayer is registered.
 2. If found to be really without returns filed RDO/Chief recommends the issuance of Letter of Authority and/or Mission

Order, whichever is appropriate, and assign the case to RO for investigation;

3. If a Letter of Authority was issued, RO should follow existing audit procedures in the conduct of audit and in complying with the reports needed;
4. If Mission Order was issued, the same shall expressly indicate the scope of work to be done which may include the verification of tax compliance in the aspects of registration, invoicing and bookkeeping. This scope should follow the prescribed procedures in TCVD. Moreover, another Mission Order for surveillance shall be issued.

Surveillance, shall be for at least 30 days to determine/estimate the taxable receipts/income of the taxpayer;

5. If there are deficiency taxes established as a result of the surveillance conducted, RO through his RDO/Chief, recommends issuance of LA to formalize the issuance of assessment notices;
6. If the taxpayer is a VAT-registered entity or a VAT-registrable entity, the 10-Day VAT notice can be issued. If taxpayer failed to comply with this notice, RDO/Chief may recommend the suspension or temporary closure of the business establishment. In closing business establishment, the procedures provided under RMO 57-2000 as amended by RMO 20-2002 should be followed.

c. Fake/Spurious Receipts

1. RDO/SID/LTAID/LTDO receives report on fake/spurious receipts;
2. RDO/Chief assign case to RO/Investigating Officer for ocular inspection/preliminary investigation based on ITS data and tax returns on file;
3. Based on the initial findings, RDO/Chief may recommend issuance of Mission Order to formalize the tax compliance verification. RO should follow the existing procedures on TCVD. If taxpayer failed to settle penalties imposed and/or correct the violations committed within the period as prescribed in the TCVD Ticket, refer the case to Legal

Division/Prosecution Division for the filing of a complaint with the Prosecutor's Office;

4. If business establishment is found to be not yet registered, RDO/Chief may recommend issuance of another Mission Order for the conduct of surveillance to determine taxable receipts/sales/income subject to internal revenue taxes;
 5. If business establishment is already registered with BIR but based on the conduct of tax compliance verification there is an indication that taxpayer failed to declare the correct taxable sales/receipts/income for tax purposes, RDO/Chief may recommend issuance of LA/TVN for the audit of taxpayer's records or the issuance of Mission Order for the conduct of surveillance;
 6. If issuance of MO was resorted, conduct thereof must adhere to the policies and procedures prescribed under RMO 54-2000 and other related issuances. If the same was done to a VAT-registered or VAT-registrable entities, the results thereof must be sent to the taxpayer through issuance of 10-Day VAT Notice (Annex "F"). In some instances, LA/TVN should be issued to formalize the assessment of deficiency taxes due;
 7. If taxpayer failed to comply with the 10-Day VAT Notice, RDO/Chief may recommend the suspension or temporary closure of the business establishment. In closing business establishment, the procedures provided under RMO 57-2000 as amended by RMO 20-2002 must be followed.
5. Cases recommended for the filing of complaint with the Prosecutor's Office shall be referred to the Legal Division for cases under the Revenue Region or to the Prosecution Division for cases under the LTS;
 6. Cases recommended for further verification due to existence of tax fraud indicators shall be referred to NID or SID of the concerned region.

C. Procedure on "NO OR" Complaints:

1. TIED shall handle the processing of complaints received on "NO OR" violation and the tracking of the number of times same violation was committed by certain business establishments;

2. TIED shall email to the concerned offices (RDO/SID/LTAID/LTDO) the list of business establishments/taxpayers which have been the subject of complaints for non-issuance of receipts/invoices.
3. RDO/LTDO/LTAID/SID shall refer the case to RO for preliminary verification that can include verification of data through ITS database on existence of ATP and through conduct of an ocular inspection of the business establishment subject of the complaint;
4. If result of verification is favorable to the taxpayer, RO writes his findings and recommend termination of the case in his report to the RDO/LTDO Chief;
5. If result of verification is unfavorable to the taxpayer and taxpayer is a VAT-registered or VAT-registrable entity, RO shall assess the penalties imposable on violations committed and recommend, through his Chief, issuance of Mission Order for the conduct of surveillance. RO shall follow the procedures in the conduct of surveillance as provided under RMO 54-2000. RO may likewise recommend issuance of LA, if warranted.
6. If result of verification is unfavorable to the taxpayer and taxpayer's operation is not subject to VAT, RO shall assess penalties imposable on violations committed and may recommend issuance of LA/TVN for the conduct of audit to determine deficiency taxes due. If the taxable year involved is already subject of an on-going investigation, refer the case to the office handling the audit;
7. RO shall conduct surveillance for 30 days to establish consistency in the non-issuance of receipts/invoices and to determine the amount of sales which are not covered by official receipts/sales invoices. After which, RO shall issue the 10-Day VAT Notice;
8. If taxpayer fails to respond to the 10-Day VAT Notice, RO through his Chief, shall recommend the suspension or temporary closure of the business establishment, if warranted, following the procedures thereof as provided in RMO 57-2000 as amended by RMO 20-2002. Moreover, the RO may recommend issuances of LA, in appropriate cases;
9. In the collection of penalties assessed on violations established other than the non-issuance of receipts, refer to the procedures prescribed under TCVD;

10. If taxpayer failed to settle the penalties imposed, refer the case to the Legal Division/Prosecution Division for the filing of complaint with the Prosecutor's Office.

VI. Reportorial Requirements

1. NO OR Monthly Status Reports on cases referred to and received by the concerned RDO/LTDO/SID/LTAID shall be submitted to TIED on or before the 10th of the month using the prescribed report format (Annex "C")
2. The concerned RDO/LTDO/LTAID/SID office shall prepare a PSR Monthly Status Report on cases referred to and shall be submitted to their respective concerned Office on or before the 7th of the month using the prescribed report format (Annex "D")
3. A Consolidated PSR Monthly Report shall be prepared by the concerned Regional Office or by the ACIR of LTS and shall be submitted to TAS on or before the 10th of the month using the prescribed report format (Annex "F");
4. A Consolidated PSR/NO OR Monthly Report shall be prepared by TAS for submission to MANCOM, cc: DCIR-OG (Annex "G");
5. Cases which have been audited/investigated with the issuance of LA/MO should follow the reporting requirements under its respective procedures, while those cases whose verification follows the procedures on TCVD must be reported under its corresponding guidelines. To avoid duplication in reporting of penalties collected, penalties collected following TCVD guidelines must be fully disclosed as also reported under TCVD collections;
6. PSR and NO OR Reports shall be sent electronically. For PSR reports, they shall be sent to bir_psr@yahoo.com and epsr@bir.gov.ph while NO OR reports shall be emailed to no-or-complaint@bir.gov.ph or nooncomplaint@yahoo.com.ph.

VII. Monitoring

1. PSR Reports shall be assigned, monitored and consolidated by the Regional Director prior to submission to TAS and DCIR-OG;
2. NO OR Reports shall be assigned and monitored by TIED prior to submission to TAS and DCIR-OG;

3. Action taken on PSR complaints, including the assessment and collection of penalties shall be monitored by the Regional Office concerned and TAS;
4. Action taken on complaints of non-issuance of official receipts (NO OR), including the assessment and collection of penalties shall be monitored by TIED, concerned Regional Office and TAS;
5. The immediately preceding actions may be validated by TAS/TIED for purposes of recommending further actions to be taken in consultation with the concerned RR/ACIR of LTS/RDO/LTDO/LTAID/SID, as the case may be;
6. TAS shall monitor/consolidate the submission of the reports.

VIII. Effectivity

This Order takes effect immediately.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue