

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

24 October 2003

**REVENUE MEMORANDUM ORDER NO. 38-2003**

**SUBJECT :** Prescribing Uniform Guidelines and Procedures in the Processing of Various Permits For Excise Tax Purposes

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

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**I. Objectives**

1. To standardize and streamline the processes and documentary requirements in the issuance of different types of permits for excise tax purposes;
2. To delineate the duties and responsibilities of all concerned offices involved in the processing thereof; and
3. To prescribe uniform reporting requirements for the effective monitoring of all permits issued.

**II. Policies and Guidelines**

1. All Applications for Permit (BIR Form No. -1940 –“Annex “A”) shall be accomplished in duplicate copies to be distributed as follows:

Original copy – Receiving Office  
Duplicate copy – Taxpayer/Applicant

The Application for Permit shall be received only if all required supporting documents listed at the back of the form are attached to the said application.

2. All Applications for Permit of taxpayers registered with the Large Taxpayers Service (LTS), including its branches, wherever located, and of non-large taxpayers whose head office or principal place of business are registered within Revenue Region Nos. 4, 5, 6, 7, 8 & 9 shall be filed with and processed by the Large Taxpayers Assistance Division (LTAD) II, BIR National Office Building, Diliman, Quezon City. However, in case of transactions affecting branches of taxpayers registered with the said regions, the application shall be filed with and processed by the concerned EXTAs having jurisdiction over such branches.

For non-large taxpayers whose head office or principal place of business is located within the Revenue Regions other than those stated above, their applications shall be filed directly to the Head, EXTA of the Revenue Region concerned. Provided, that in case of transactions affecting branches located at a different EXTA, the application shall be filed with and processed by the EXTAs having jurisdiction over such branches. However, in the event that the taxpayer's place of business is far from the EXTA Office, the concerned taxpayer may file his Application for Permit with the concerned Revenue District Office (RDO) having jurisdiction over his principal place of business. The said RDO shall, in turn, transmit to the concerned EXTA the application together with all required supporting documents for processing within twenty-four (24) hours from receipt thereof.

3. All "Continuing/Renewable Permits" (Annex "B") received and processed by LTAD II or EXTAs, shall be approved by the Assistant Commissioner of Internal Revenue for Large Taxpayers Service (ACIR, LTS). However, all "Transactional Permits" (Annex "C") shall be approved by the Chief, LTAD II or Head, EXTA, as the case may be.
4. Applications for Permit shall be processed and issued within the period prescribed herein-below:

<b>Application for Permit</b>	<b>Processing Period</b>
<p>a. All applications with complete supporting documents, without any legal issue, and do not necessitate laboratory analysis/comments/evaluation and pre-ocular inspection –</p> <p style="margin-left: 20px;">a.1 Transactional</p> <p style="margin-left: 30px;">a.1.1 LTAD II</p> <p style="margin-left: 30px;">a.1.2 EXTA</p> <ul style="list-style-type: none"> <li>• Filed directly at EXTA</li> <li>• Filed at RDO</li> </ul>	<p>Within two (2) working days <b>from receipt of complete application</b></p> <p style="margin-left: 20px;">- do -</p> <p style="margin-left: 20px;">Within three (3) working days <b>from receipt of complete application</b></p>
<p>a.2 Continuing or Renewable</p> <p style="margin-left: 20px;">a.2.1 LTAD II</p> <p style="margin-left: 20px;">a.2.2 EXTA</p>	<p>Within five (5) working days <b>from receipt of complete application</b></p> <p style="margin-left: 20px;">Within ten (10) working days <b>from receipt of complete application</b></p>
<p>b. All applications that require ocular inspection</p> <p style="margin-left: 20px;">b.1 Transactional</p> <p style="margin-left: 30px;">b.1.1 LTAD II</p>	<p>Within three (3) working days <b>from completion of ocular inspection, should no problem/issue arises</b></p>

Application for Permit	Processing Period
b.1.2 EXTA  b.2 Continuing or Renewable b.2.1 LTAD II	Within five (5) working days <b>from completion of ocular inspection, should no problem/issue arises</b>
b.2.2 EXTA	Within seven (7) working days <b>from completion of ocular inspection</b>
c. All applications that require laboratory analysis/comments/evaluation  c.1 LTAD II In-house (laboratory analysis)  Out-sourced (laboratory analysis)	Within four (4) working days <b>from receipt of complete application</b>  Within three (3) working days <b>from receipt of definite result of laboratory analysis</b>
c.2 EXTA In-house (laboratory analysis)  Out-sourced (laboratory analysis)	Within ten (10) working days <b>from receipt of complete application</b>  Within five (5) working days <b>from receipt of definite result of laboratory analysis</b>
d. All applications with legal issue d.1 LTAD II  d.2 EXTA	Within three (3) working days <b>from receipt of clear opinion from Legal Group</b>  Within five (5) working days <b>from receipt of clear opinion from Legal Group</b>

Provided, however, that in cases of Permits to Operate a Manufacturing Plant or Permits to Engage in the Sale or Importation of Excisable Articles requiring the construction and maintenance of a warehouse, or any amendment to the previously approved plat and plan by reason of expansion, installation of additional storage facilities, or any changes of the production plant(s) and storage facility(ies), approval and issuance thereof shall not be made until all the prescribed regulatory requirements have been complied with pertaining, but not limited to, procurements of machineries and equipment and installation thereof, determination of maximum production capacity, calibration of storage

tanks, test-runs, and final inspection of the facilities to determine their conformity to the proposed plat and plan.

Provided, further, that in cases of permits that require the posting of surety bonds, the posting of the same shall not be prescribed from the applicant until all of the prescribed regulatory requirements shall have been complied with, prior to the issuance of the permit.

5. No continuing/transactional permit shall be issued and released unless the surety bond prescribed under existing revenue laws and regulations has been posted/updated/upgraded/renewed.
6. The Chief, LTAD II/ Head, EXTA shall maintain a Master List of Posted Surety Bonds indicating the following:
  - a) Brief Description of the Permit
  - b) Date of the Permit
  - c) Name of Principal (Taxpayer)
  - d) Amount of the Surety Bond
  - e) Date of Issue of the Surety Bond
  - f) Name of the Surety Bonding Company
  - g) Bond Registry Number
7. Applications for Permit, except for Permit to Operate as an excise taxpayer and other continuing permits, covering transactions that have already been consummated prior to the application/approval therefor, shall no longer be processed. The concerned applicant shall be subjected to all applicable penalties and sanctions attendant to such violation. However, in case of transactions which are continuing in nature and were found to have been initiated without the prescribed permits, the issuing Office may still process and issue the appropriate permits; provided, that the effectiveness date of such permit shall be the date of actual issuance/approval thereof, and subject, likewise, to the applicable penalties.
8. All approved applications for new Permit to Operate as Manufacturer, Producer, Trader, Repacker, Dealer and/or Importer of Excisable Articles shall be issued assessment numbers for administrative purposes by the ACIR, LTS, consistent with the existing revenue regulations/issuances. The Assessment Number shall be presented in the following order:

• Administrative Schedules & Paragraphs	Refer to Annex "D"
• Month Issued	2 numeric
• Year Issued	2 numeric
• Sequence Number	4 numeric
<i>Note: Sequential regardless of industry and type of permit.</i>	
• Extension Code, if Warehouse(s)/Storage Facility(ies) is(are) within the Production Premises	1 alpha

In case the storage facility/warehouse is located within the manufacturing/production premises, the same assessment number issued to the production plant plus extension code, depending upon the month and year of issue, shall be assigned.

The Head Office performing purely marketing and administrative functions shall not be assigned an assessment number.

*Illustration:*

The following are applications for permit received by LTS from LTAD II and EXTA offices:

Processing Office	Date of Receipt of Application	Name of Applicant	Type of Permit	Address	Date of Issuance
1. LTAD II	April 10, 2003	AAA Tobacco Corporation	Permit to Operate as Manufacturer of Cigarettes	South Super Highway, Parañaque, Manila	April 21, 2003
2. LTAD II	April 10, 2003	AAA Tobacco Corporation	Permit for a Storage Warehouse of Leaf Tobacco Within the Factory Premises	South Super Highway, Parañaque, Manila	April 21, 2003
3. EXTA I	April 14, 2003	BBB Tobacco Corporation	Permit to Operate as Dealer of Leaf Tobacco	Vigan, Ilocos Sur	April 30, 2003
4. EXTA III	April 24, 2003	CCC Alcohol Corp.	Permit to Operate as Manufacturer of Alcohol (Distilled Spirits)	Balibagan, Negros Occidental	May 12, 2003
5. LTAD II	May 5, 2003	DDD Petroleum Corp.	Permit to Engage in the Sale/importation of Diesel Gasoline	G. Puyat Ave. Makati City	May 13, 2003
6. EXTA III	May 5, 2003	CCC Alcohol Corp.	Permit to Maintain Warehouse for Storage of Alcohol Outside the Production Premises	Victorias, Negros Occidental	May 20, 2003
7. LTAD II	May 6, 2003	AAA Tobacco Corporation	Permit for a Storage Warehouse of Cigarette Paper and Non-Tobacco Materials	Cabuyao, Laguna	May 15, 2003

The Assessment Numbers to be assigned for the said issuances will be:

Administrative Schedule And Paragraph	Month Issued	Year Issued (last 2 digits)	Sequence Number
1. A5	04	03	1001
2. L7 1/2	04	03	1001A
3. L3	04	03	1002
4. A1	05	03	1003

<b>5. A15 (I)</b>	<b>05</b>	<b>03</b>	<b>1004</b>
<b>6. A1</b>	<b>05</b>	<b>03</b>	<b>1005</b>
<b>7. Ntm 7 1/2</b>	<b>05</b>	<b>03</b>	<b>1006</b>

No two (2) manufacturers or importers shall be given the same assessment number. When a manufacturer/importer/dealer retires from business, his assessment number will be dropped. When there is a change in ownership of the production plant by reason of sale, transfer, or otherwise, the Commissioner of Internal Revenue shall not allow the new owner or transferee thereof to use the old assessment number of the vendor or transferor, even if the right to use said assessment number has been included in the sale or transfer. Such assessment number, when dropped from the roll, shall no longer be allowed to be reissued to another production plant or establishment.

9. All approved permits shall be assigned Office Control Number (OCN) presented in the following manner:

- Issuing Office ----- LTAD II / EXTA 1-6
- Industry Code
 

Alcohol	-----	A
Petroleum	-----	P
Tobacco	-----	T
Automobiles and Non-Essentials	-----	AN
Mining	-----	M
- Permit Type Code (Refer to Annexes B & C) ----- 3 numeric code
- Month Issued ----- 2 numeric code
- Year Issued ----- 2 numeric code
- Sequence Number ----- 5 numeric code

*Note: Sequential regardless of industry, type of permit issued and the date of issuance.*

#### Illustrations:

- a) LTAD II issues Permit to Export Alcohol and Tobacco Products and Permit to dispose Tobacco/Cigarette Paper wastes by burning on April 10, 2003.

The Office Control Numbers for the above applications will be the following:

Permit to Export Alcohol Products	<b>-LTADII-(A)-014-04-03-00001</b>
Permit to Export Tobacco Products	<b>-LTADII-(T)-014-04-03-00002</b>
Permit to Dispose Tobacco/ Cigarette Paper Wastes	<b>-LTADII-(T)-018-04-03-00003</b>

Kind of Permit	Issuing Office	Industry Code	Permit Code	Month Issued	Year Issued	Sequence No.
Permit to Export Alcohol Products	LTAD II	A	014	04	03	00001
Permit to Export Tobacco Products	LTAD II	T	014	04	03	00002
Permit to Dispose Tobacco/ Cigarette Paper wastes	LTAD II	T	018	04	03	00003

- b) EXTA 1 issues Permit to Export Alcohol and Tobacco Products and Permit to Deliver/Sell Tobacco Wastes, Scraps, Stems, etc. for further processing on May 2, 2003.

The Office Control Numbers for the above applications will be the following:

Permit to Export Alcohol Products	<b>-EXTA 1-(A)-014-05-03-00001</b>
Permit to Export Tobacco Products	<b>-EXTA 1-(T)-014-05-03-00002</b>
Permit to Dispose Tobacco/ Cigarette Paper wastes	<b>-EXTA 1-(T)-019-05-03-00003</b>

Kind of Permit	Issuing Office	Industry Code	Permit Code	Month Issued	Year Issued	Sequence No.
Permit to Export Alcohol Products	EXTA I	A	014	05	03	00001
Permit to Export Tobacco Products	EXTA I	T	014	05	03	00002
Permit to Dispose Tobacco/ Cigarette Paper wastes	EXTA I	T	019	05	03	00003

10. All Applications for Permit requiring laboratory analysis/comments/evaluation shall be referred to the BIR Laboratory Section, LTAD II not later than one (1) day from receipt of the application. The results thereof shall be transmitted to the concerned processing office within two (2) days from date of receipt of the referral.
11. All legal issues raised by LTAD II shall be referred to the Law Division under the Legal Service at the National Office. On the other hand, legal issues raised by EXTA shall be referred to the Legal Division of the concerned Revenue Region. The resolution of the legal issues shall be prepared and issued to the requesting Office within thirty (30) days from the date of receipt of such request.
12. To facilitate and ensure actual disposal of wastes/obsolete excisable articles/materials including, but not limited to, tobacco and cigarette paper wastes, fermented liquor that has become sour, automobile spare parts, either for agriculture or destruction purposes, as the case may be, the concerned Revenue Officer On Premise (ROOP) and a representative from LTAID II or concerned RDO having jurisdiction over the excise taxpayer shall conduct the actual supervision thereof. The corresponding certificate on the results of such disposal shall be transmitted by the issuing office immediately to the Chief, LTAD II or the Head, EXTA concerned on the day of such issuance.
13. All applications for renewal of permit shall be denied if the conditions stated in the previously issued permits are not complied with. In case of application for permit to export, the processing officer shall determine whether or not the submission by the taxpayer-applicant of proofs of exportation within the thirty (30)-day period prescribed under the previous permit issued to the applicant has been complied with. In case of non-compliance, the corresponding excise tax and penalties shall be assessed and collected from the applicant. Proof of payment of the

deficiency assessment shall be required to be submitted before any subsequent application for permit to export can be processed and issued.

14. Any Application for Permit not yet identified and included in Annexes "B" and "C" hereof may be processed by LTAD II or EXTA, as the case may be, subject to prior clearance from the ACIR, LTS.
15. The concerned office(s) from the Information Systems Group (ISG) shall develop a software program for on-line processing and system generation of permits that may be accessed by other authorized offices under the LTS. During the interim period when the Permit Issuance Software Program has not yet been developed, the LTAD II shall use "Windows-Excel" Software Application for the creation and maintenance of the database. Likewise, the Chief, LTAD II shall transmit to LTFOD the Daily Transmittal List of Approved Permits (Annex "F"), together with the photocopies of permits issued, immediately on the day of such issuance. It shall likewise submit a Consolidated Monthly Report on Summary List of Approved Permits (Annex "H") to ACIR, LTS on or before the 10<sup>th</sup> day of the following month. A separate Monthly Report on Summary List of Denied Applications and the reasons for such denial (Annex "H1") shall be attached to the said monthly report.
16. The Head, EXTA, shall submit Monthly Reports on Summary List of Approved Permits (Annex "G") and Denied Applications (Annex "G1") on or before the 5<sup>th</sup> day of the following month, for consolidation with the permits issued by LTAD II. For this purpose, a Consolidated National Master List of all Approved Permits issued shall be maintained and regularly updated by LTAD II until such time that the ISG has developed the aforementioned software program.
17. All permits issued under this Order shall be subjected to post-review/evaluation at any time by any concerned office(s) that may be authorized by the Commissioner or the Deputy Commissioner for Operations.

### **III. Procedures**

#### **A. LARGE TAXPAYERS ASSISTANCE DIVISION II/EXCISE TAX AREA**

*The Receiving Officer shall:*

1. Determine the Office having jurisdiction over the applicant.

1.1 For Integrated Tax System (ITS)-Registered Taxpayers:

- 1.1.1 Verify on-line, thru the Registration System, the Revenue District Office where the applicant is registered and his registered tax type.

(Refer to the Operations Manual of the Registration System on how to inquire about the taxpayer's registration information on-line)

- 1.1.2 Require the taxpayer to register or update his registration information in the ITS, in case he is not registered or his registration is not updated, by filling-up the appropriate Registration Forms (BIR Forms No. 1901, 2305, 1903, 1925) or Taxpayer Registration Update (TRU) form (BIR Form No.1905), as the case maybe, before proceeding to the next procedure.

(Refer to the Operations Manual of the Registration System on how to register a taxpayer and/or modify taxpayer registration information)

## 1.2 For Non-ITS Registered Taxpayers:

- 1.2.1 Require the taxpayer to submit a copy of the BIR Certificate of Registration issued by the BIR.
- 1.2.2 Verify, thru telephone or fax message, the accuracy of the submitted Certificate of Registration from the issuing RDO. If found incorrect, inform the taxpayer that he/she should fill-up and file BIR Form No. 1905 to the RDO having jurisdiction over his place of business where he is required to be registered.
2. Accept application for permit and stamp "RECEIVED" if the required attachments are found complete; otherwise, return the application to the applicant together with a checklist of missing requirements. The receiving officer shall also indicate the date and time of receipt of the document and shall affix his/her signature on the space provided for in the said application form.
3. Assign a Document Locator Number (DLN) and indicate the same on the space provided on the upper left portion of the application form and in the taxpayer's claim stub at the bottom of the form. In the said claim stub, the receiving officer shall also indicate his name, date of receipt of the application, and date of release.
4. Enter the details of the application and the DLN in the receiving logbook or in the computer using Windows Excel, whichever is applicable.

5. Forward the received applications to the Chief, Permits and Bonds Section, LTAD II or Head, EXTA, as the case may be, immediately upon receipt of the application.
6. Receive the Monthly Report on Summary List of Approved Permits and Denied Applications from the Head, EXTA (for LTAD only).
7. Receive the quadruplicate copy of the Certificate of Actual Destruction/Disposition of obsolete finished goods and materials from the Chief, LTAID II/RDO.

***The Chief, Permits and Bonds Section/Supervisor, EXTA shall:***

1. Assign the application to a Revenue Officer (RO). No additional assignment for processing of application shall be made if an RO has an inventory of more than five (5) pending applications.
2. Issue Reference/Memo Slip (Annex "E") to concerned RO.
3. Review the report and determine if the recommending RO has checked and verified the following:
  - a. Information stated in the permit against supporting documents;
  - b. Completeness and authenticity of the supporting documents;
  - c. Compliance with the conditions stipulated in the previously issued permit to the taxpayer, if applicable; and
  - d. Legal basis for the grant of the permit.
4. Determine whether the terms and conditions prescribed in the proposed permits are complete and sufficient in order that the transactions/activities sought to be approved are properly undertaken.
5. Review the Revenue Officer's Verification Reports (BIR Form Nos. 0532 and 0533) (Annexes "I" and "J") and affix signature thereon.
6. Review the proposed letter of denial and affix initial thereon.
7. Forward the docket to the Assistant Chief/Chief, LTAD II for final review and/or approval.

***For LTAD II only:***

8. Affix signature on the Daily Transmittal List of Approved Permits

(Annex "F") for submission to the Chief, LTFOD.

9. Affix signature on the Consolidated Monthly Report on Summary List of Approved Permits (Annex "H") and Denied Applications (Annex "H1") for submission to ACIR, LTS.

***The Revenue Officer shall:***

1. Verify the accuracy and completeness of the information reflected in the application against the supporting documents.
2. Counter-check the photocopies of the supporting documents submitted by the applicant as against the original copies of these documents in their possession to preclude the possibility of any alteration thereon.
3. Ascertain whether the applicant/taxpayer is compliant with all the conditions stipulated in the previously issued permits. In case the applicant failed to comply with one or more of the conditions stated in the previously issued permit, the processing of the new application shall be withheld until such time that the conditions of the previously issued permit are fully complied with. In case of application for permit to export, be sure that the submission of proof of exportation within the thirty (30) day period required in the previous permit issued to the same applicant has been complied with. In case of non-compliance, the corresponding excise tax and penalties shall be assessed and collected from the applicant. Proof of payment thereof shall be required to be submitted before the current application for permit to export can be processed and issued.
4. Prepare Reference Slip to the Chief, Laboratory Section for signature of the Chief, LTAD II, in case the application requires laboratory analysis/comments/evaluation.
5. Check/verify the legal basis for the grant of the permit. In case of doubt or if the application has a legal issue, prepare memorandum request, for signature of the Chief, LTAD II or Head, EXTA, to the Law Division under the Legal Service, National Office or Legal Division of the concerned Revenue Region, as the case may be, for its immediate resolution.
6. Perform the following procedures in applicable cases:
  - A. For Permit to Operate/Amend Existing Plat & Plan
    - a. Conduct ocular inspection of the premises to determine conformity with the plat and plan and to verify the correctness of the representation(s) declared in the application of the taxpayer.

- b. Supervise installation of production machineries, equipment, mechanical contrivances and devices.
- c. Supervise and witness the calibration of storage tanks and metering devices to determine their actual storage capacity and efficiency, respectively.
- d. Determine the actual production capacity of the installed equipment/machineries and issue the corresponding certificate therefor.
- e. Supervise the conduct of test-runs of production machineries and equipment.

**B. For Other Permits**

- a. Supervise and witness weighing of cigarette papers and tobacco wastes.
- b. Supervise and witness the actual burning, removal from the production plant/storage facilities and delivery of cigarette paper/tobacco wastes for agricultural purposes or other means of disposal.
- c. Verify whether or not the actual description of the product to be exported conforms with the covering permit issued.
- d. Accompany the removal, transportation and unloading of excisable products for exportation.

**C. For Registration of New Brand of Excisable Products –**

- a. Verify sample label whether or not it conforms with the regulatory requirements under existing rules and regulations.
  - b. Verify and check the accuracy of the submitted manufacturer's sworn declaration.
7. Prepare a narrative report on the results of ocular inspection conducted and the verification of the documents submitted. The memorandum report should be brief and concise but must contain all the necessary details such as, but not limited to:
- a. Nature of taxpayer's business;
  - b. Brief description of the activities undertaken during the ocular inspection /verification;
  - c. Findings and other relevant information uncovered during the inspection/verification; and

- d. Recommendation relevant to the application.
8. Fill up the applicable Revenue Officer's Verification Report (BIR Form Nos.0532 and 0533) (Annexes "I" and "J") and submit the same for review and approval.
9. Verify from the master list being maintained by the Office the existence and/or sufficiency of the amount of surety bond, if necessary; otherwise, require concerned taxpayer to post the necessary bond.
10. Prepare request for bond registration to the Chief, General Services Division (Bonding Section).
11. Prepare the applicable permit in quadruplicate (Annexes "K" for Permit to Operate and "L" for Permit to Export) or the letter for the denial thereof, whichever is applicable, upon issuance of the Surety Bond Registration Number by the Chief, General Services Division (Bonding Section).
12. Forward the docket to the Chief, Permits and Bonds Section, LTAD II/Supervisor, EXTA, for appropriate review.

***For LTAD II only:***

13. Prepare the Daily Transmittal List of Approved Permits (Annex "F") and photocopies of all approved permits issued for the day for submission to the Chief, LTFOD.
14. Maintain a National Master List of all approved Permits.
15. Prepare Consolidated Monthly Report on Summary List of Approved Permits (Annex "H") and Denied Applications (Annex "H1") for submission to ACIR, LTS.

***The BIR Laboratory Section shall:***

1. Receive request for laboratory analysis/comment/evaluation.
2. Verify the documents attached to the request for laboratory analysis/comment/evaluation.
3. Require the taxpayer to submit the following additional documents, if deemed necessary:
  - a. Product Data/Product Literature;
  - b. Certificate of Analysis/Analysis Report; and
  - c. Material Safety Data Sheet.

4. Prepare a memorandum to be signed by the Division Chief, LTAD II/Head, EXTA, directing representatives from the said office and the BIR Laboratory Section to secure personally a sample of the product directly from the source, in case sampling and analysis of the article is necessary.
5. Conduct research/analysis of the article in accordance with the request. In case the desired analysis is to be out-sourced, prepare the request for analysis addressed to the Head of the appropriate agency for signature of the ACIR, LTS.
6. Submit a report on the results of laboratory analysis/evaluation to the Chief, LTAD II or the Head of EXTA, as the case may be.

***The Division Chief/Head, EXTA shall:***

1. Review the docket of the case.
2. Affix signature on the permit or on the denial letter, if the nature of permit requires approval/denial in accordance with the delineation of approving authority prescribed under this Order.
3. Affix initial on the permit or denial letter and forward the same to the ACIR, LTS, if approval/denial thereof is within his authority.
4. Affix signature on the Monthly Report on Summary List of Approved Permits and Denied Applications to be submitted to the Chief, LTAD II.

*Note: This procedure is applicable to the Head, EXTA only.*

5. Affix signature on the Daily Transmittal List of Approved Permits and Consolidated Monthly Report on Summary List of Approved Permits and Denied Applications to be submitted to the Chief, LTFOD and ACIR, LTS, respectively.

*Note: This procedure is applicable to the Chief, LTAD II only.*

***The Releasing Officer shall:***

1. Receive copy of the approved permit/denial letter for release to taxpayer/applicant.
2. Assign Office Control Number in the space provided for on the face of the permit after approval of the permit by authorized approving officer.
3. Enter in the releasing logbook the date and time of release of the permit and require the taxpayer/applicant or his duly authorized representative to affix his/her signature in the receiving copy of the

issued permit and in the releasing logbook to document actual receipt thereof.

4. Enter the details of the issued permit in the computer using the software program for on-line processing and system generation of permits. During the interim period when the Permit Issuance Software Program has not yet been developed, enter the said details in the master list manually kept using Windows Excel.
5. Release the Daily Transmittal List of Approved Permits together with the photocopies of permits issued for the day to the Chief, LTFOD (for LTAD II only). In case the approved permit is for disposal of wastes/obsolete excisable articles/materials including, but not limited to, tobacco and cigarette paper wastes, fermented liquor that has become sour, automobile spare parts for agricultural or destruction purposes, as the case may be, the Chief, LTAID II/RDO shall be immediately furnished with a copy of the same to facilitate immediate assignment of RO to witness and supervise the actual destruction thereof.
6. Transmit the Monthly Report on Summary List of Approved Permits and Denied Applications to the Chief, LTAD II.

*Note: This procedure is applicable to the Head, EXTA only.*

7. Transmit the Consolidated Monthly Report on Summary List of Approved Permits and Denied Applications to the ACIR, LTS (for LTAD II only).

*Note: This procedure is applicable to the Chief, LTAD II only.*

## **B. LAW DIVISION (NATIONAL OFFICE)/LEGAL DIVISION (REGIONAL OFFICE)**

1. Receive from the Chief, LTAD II or Head, EXTA the request for resolution on certain issues for the grant of permit to taxpayer.
2. Prepare and issue requested resolution within thirty (30) days from the date of receipt of the request.
3. Forward the approved opinion/official resolution to the Chief, LTAD II or Head, EXTA, for final action/disposition of the requested permit.

## **C. LARGE TAXPAYERS AUDIT AND INVESTIGATION DIVISION II / REVENUE DISTRICT OFFICE**

***The Receiving/Releasing Officer (for RDO only) shall:***

1. Perform procedures III.A.1 to A.4 on the receipt of application for permit.

*Note: This procedure is applicable only to applications for permit filed directly at RDOs under Policies and Guidelines Item 2 second paragraph of this RMO.*

2. Transmit the application, together with all the supporting documents, to the concerned EXTA within twenty-four (24) hours from receipt thereof.

***The Chief, LTAD II/RDO shall:***

1. Receive copy of the approved permits for destruction/disposal of wastages/obsolete excisable articles /materials from the Chief, LTAD II or Head, EXTA.
2. Assign the case to the supervisor and RO(s) for the necessary supervision of such destruction/disposal.
3. Coordinate with the Chief, LTFOD on the schedule of the disposal/destruction of the above mentioned wastages/obsolete items.
4. Review and approve the report on the results of supervision of waste disposal/destruction.
5. Prepare Notice of Assessment, for approval by ACIR, LTS, in case there are violations committed and/or misrepresentations made by the taxpayer/applicant, whenever appropriate.
6. Transmit immediately to the Chief, LTAD II/Head, EXTA the quadruplicate copy of the Certificate of Actual Destruction/Disposition of wastages/obsolete excisable articles/materials duly attested to by the taxpayer's authorized representative.

***The Revenue Officer shall:***

1. Ascertain whether the articles/goods/materials to be disposed/destructed can no longer be used in the manufacture of tobacco products and are unfit for human consumption, in case of tobacco products.
2. Check the existence of the actual volume/quantity and description of articles/goods/materials sought to be disposed/destroyed and compare the same with the quantity/description/value declared in the taxpayer's application.
3. Supervise and witness the removal/transport of the wastages/obsolete items for destruction purposes from the place of production up to the actual burning or dumping thereof at the place designated in the permit issued by the LTAD II/EXTA.

4. Supervise the actual removal of tobacco dusts for agricultural purposes from the premises of the establishment up to the delivery thereof to the designated consignee.
5. Prepare the corresponding Certificate of Destruction detailing the actual volume/value of articles/goods/materials disposed/destructed duly attested to by the taxpayer's authorized representative. The certificate shall be accomplished in quadruplicate copies to be distributed as follows.

Original copy – Taxpayer/Applicant  
Duplicate copy – LTAID II /RDO  
Triplicate copy – Revenue Officer On Premise  
Quadruplicate copy – LTAD II/EXTA

6. Prepare a narrative report on the result of actual supervision of the disposal/destruction of regulated articles/materials for excise tax purposes..
7. Accomplish the Revenue Officer's Verification Report on Disposal/Destruction (BIR Form No. 0534) (Annex "M").
8. Submit the docket to the Chief, LTAID II/RDO for review and/or approval.

#### **D. LARGE TAXPAYERS FIELD OPERATIONS DIVISION/EXCISE TAX AREA**

*The Division Chief/Head, EXTA shall:*

1. Receive from the Chief, LTAD II the Daily Transmittal List of Approved Permits, together with the photocopies of all permits issued for the day.  
*Note: This procedure is applicable to the Chief, LTFOD only.*
2. Furnish immediately the RO Assigned on Premises (ROOP) of the excise tax establishment with a copy of the permit to inform him of the existence of such permit and require him to witness/supervise the designated activity.
3. Receive and review ROOP's report on the results of monitoring/supervision conducted thereon and the extent of the taxpayer's compliance with the terms and conditions stipulated in the issued permit.
4. Prepare necessary action(s)/recommendation(s) in the event that the ROOP has reported any violation committed by the taxpayer of any of the terms and conditions stipulated in the permit issued.

5. Submit within two (2) days to the ACIR, LTS the report/recommendation relative to the ROOPs report on violations committed by the taxpayer for his information and necessary action.

***The ROOP shall:***

1. Coordinate with the designated Group Supervisor and ROs from LTAD II/LTAID II/RDO to effectively supervise/witness the activity within his area of jurisdiction.
2. Ensure that the terms and conditions embodied in the issued permits are strictly followed/observed by the taxpayer.
3. Affix signature on the Revenue Officer's Verification Report on Results of Exportation and Waste Disposal/Destruction of regulated articles/materials for excise tax purposes prepared by ROs from LTAD II/LTAID II/RDO.
4. Prepare and submit report/recommendation on the results of monitoring/supervision conducted, in case there is any violation on the terms and conditions stipulated in the permit issued.
5. Submit within two (2) days the report/recommendation to the Chief, LTFOD/Head, EXTA for his information and necessary action.

**E. Large Taxpayers Service**

***The Receiving/Releasing Officer shall:***

1. Receive from the Chief LTAD II or Head, EXTA the entire docket of the case relative to the application for permit.
2. Assign Assessment Number on Approved Application for new Permit to Operate as a Manufacturer, Producer, Trader, Repacker, Dealer and/or Importer of Excisable Articles immediately after the ACIR, LTS has favorably acted upon said application.
3. Transmit to the Chief, LTAD II/Head, EXTA, the approved permit or the applicable denial letter together with the entire docket of the case for release to the taxpayer/applicant.
4. Receive the Consolidated Monthly Report on Summary List of Approved Permits and Denied Applications from the Chief, LTAD II and recommendation report on ROOP's findings from the Chief, LTFOD.

***The ACIR, LTS shall:***

1. Review/approve the permit or denial letter thereon, whichever is applicable.
2. Forward the duly approved permit to the Releasing Officer for release to LTAD II/EXTA or assignment of the applicable Assessment Number relative to the approved Permit to Operate as an excise tax establishment.
3. Conduct post-review/evaluation of permits issued by LTAD II/EXTA to determine propriety thereof.

**IV. Repealing Clause**

All revenue issuances or portion(s) thereof inconsistent herewith are hereby revoked and/or amended accordingly.

**V. Effectivity**

This Order shall take effect immediately.

(Original Signed)

**GUILLERMO L. PARAYNO, JR.**  
Commissioner of Internal Revenue