

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

April 16, 2018

**REVENUE MEMORANDUM ORDER NO. 33-2018**

**SUBJECT :** Consolidation, Clarification and Reiteration of the Existing Policies and Procedures in the Issuance of Authority to Cancel Assessment (ATCA)

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

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**I. BACKGROUND**

The nature of the Bureau's Accounts Receivables/Delinquent Accounts (AR/DAs) arose from different sources; and the same, at any given period of time, are being handled by different functional groups, namely: the Collection Group, the Assessment Group and the Legal Group. These AR/DAs have been continuously increasing from years 2012 to 2017, and the increase is the results of the various programs and reform projects being implemented by the Bureau such as among others, reinvigorated tax assessments arising from third party information, continuous implementation of Run After Tax Evaders (RATE) Program, as well as improved system for recording and monitoring of AR/DAs nationwide that paved the way for capturing tax arrears data that were not recognized as AR/DAs in previous tax administrations considering that the recording and monitoring thereof were being made on a purely manual basis. Since various initiatives are continuously being implemented, it is expected that these may result to further growth of AR/DAs in the ensuing years.

The Bureau is currently at the stage of accounting, cleaning and determining the collectability of the inventory of AR/DAs, and several initiatives and strategies have been introduced in the management of AR/DAs at the same time. At this stage, it is imperative that an objective write-off mechanism based on established sound criteria be put in place in order to purge the database of tax arrears that are no longer collectible.

**II. OBJECTIVES** - This Order is issued to:

1. Consolidate and reiterate the existing policies, procedures and guidelines in the issuance of ATCA;
2. Clarify the time and manner, or when and how to issue ATCA for the uniform guidelines of all concerned revenue officers and officials;
3. Identify responsible revenue offices in the preparation of ATCA as well as Revenue Officials authorized to sign or approve it; and
4. Prescribe the necessary reporting requirements on the issuance of ATCA for monitoring purposes.

**III. POLICIES AND GUIDELINES** – In the issuance of ATCA, the following policies and guidelines shall be strictly observed:

1. The Authority to Cancel Assessment (ATCA) shall be issued as proof of cancellation of assessments with issued Final Assessment Notice (FAN)/Formal Letter of Demand (FLD) which were recorded in Form 40.00 (Protested)/AR/DA case/s of concerned delinquent taxpayers due to any of the following instances:
  - a. The difference between the amounts of the original tax assessment and the reduced tax assessment after the originally issued Final Assessment Notice (FAN)/Formal Letter of Demand has been modified, amended, or declared “null and void” covered by a final administrative decision by the Commissioner or his duly authorized revenue official as shown in the Final Decision on Disputed Assessment (FDDA) duly numbered for monitoring and tracking purposes, after the conduct of review/evaluation/reconsideration of the factual and/or legal bases raised in its protest/appeal/motion for reconsideration, therefor, as defined under Revenue Regulations (RR) No. 12-99 as amended by RR Nos. 18-2013 and 7-2018;
  - b. Final approval of the corresponding application for compromise settlement and abatement or cancellation of penalties pursuant to Section 204 (a) of the Tax Code and its implementing regulations;
  - c. Decision by the competent court/s where the assessment was either modified, amended or declared “null and void” with finality as shown in the entry of judgment;
  - d. Declaration that the AR/DA case is uncollectible due to insolvency by a competent court in a final and executory judgment;
  - e. Taxpayer’s availment of tax amnesty which are included in the List of the Tax Amnesty Availers provided by the Office of the Commissioner or Deputy Commissioner, Operations Group;
  - f. Condonation of the assessment by virtue of law, provided the required documentations thereon have been submitted, evaluated and thereafter approved by the Commissioner or his authorized Revenue Official;
  - g. When the right of the government to assess/collect the corresponding deficiency/delinquent taxes has prescribed in accordance with Sections 203 and 222 of the Tax Code, as amended, and the cancellation due to the aforesaid reason has been approved by the Commissioner based on the recommendation of the National Committee on Prescribed Cases that was created for this purpose;

- h. AR/DA case/s that are recommended for write-off and approved by the Commissioner of Internal Revenue or his duly authorized representative on the grounds such as but not limited to the following:
- i. Individual taxpayer is deceased and no distrainable or leviable assets could be found;
  - ii. Permanent cessation of business;
  - iii. Dissolution;
  - iv. Taxpayer is a general partnership and the individual partners are already deceased;
  - v. AR/DA case/s with a total amount due of Php20,000.00 and below, provided that all collection enforcement summary remedies have been fully exhausted.
- i. Such other meritorious cases which the Commissioner may deemed necessary to be covered by ATCA.
2. The ATCA shall be prepared, recommended and approved by the concerned office/official strictly in accordance with the Matrix on the Preparation of ATCA (“Annex A”) of this Order. The reason for the full/partial cancellation of the tax assessment stated in item III.1 of this Order shall be clearly indicated in the space provided in the ATCA Form. Likewise, the supporting documents identified in the said matrix shall be attached to the tax docket as basis for the preparation and approval of ATCA.
3. Based on the prescribed matrix, the ATCA shall be prepared and signed by the recommending revenue official within fifteen (15) working days from the receipt of the tax docket. Each tax case recommended for partial/full cancellation shall be approved/acted upon by the concerned approving revenue official within seven (7) working days from receipt of the docket of the case.
4. ATCA shall be prepared in quadruplicates to be distributed as follows:
- |               |   |  |
|---------------|---|--|
| Original      | - | Docket of the case   |
| Duplicate     | - | Issuing Office   |
| Triplicate    | - | Accounts Receivable Monitoring Division (ARMD)                                     |
| Quadruplicate | - | Collection Division (CD) / Large Taxpayers Collection Enforcement Division (LTCED) |
5. Each tax assessment with issued FAN/FLD or AR/DA case referred to the Regional Legal Division/Appellate Division/ Law and Legislative Division/Litigation Division for the resolution of issues involving questions of law, due process and/or alleged prescription of the Bureau’s right to assess/collect the tax liabilities shall be resolved within thirty (30) days from receipt of the protested docket/AR/DA case/s. After resolution, these tax dockets shall be returned immediately to the originating office for appropriate action.

6. AR/DA cases recommended for write-off due to prescription shall be forwarded to the Regional Committee on Prescribed Cases for its initial evaluation/recommendation. The National Committee on Prescribed Cases shall subsequently review the initial evaluation/recommendation, and file the appropriate administrative sanctions against the concerned revenue officers/officials who is/are responsible for the prescription of AR/DA case/s. The Accounts Receivable Monitoring Division (ARMD), acting as the Secretariat of the National Committee on Prescribed Cases, shall only prepare the ATCA, after the approval by the Commissioner of Internal Revenue of the recommendation for write-off and the filing of the administrative sanctions.
7. AR/DA case/s recommended and approved for cancellation/write-off under item III.1.h of this Order shall be accompanied by an Evaluation Report on Uncollected AR/DA Recommended for Write-Off (*Annex "B"*) together with all the necessary supporting documents as prescribed in Annex A of this Order pursuant to Revenue Memorandum Order (RMO) No. 11-2014. These documentary requirements shall be attached to the tax docket for purposes of reviewing and evaluating the propriety of the recommendation, and the subsequent approval of the cancellation/write-off by the Commissioner of Internal Revenue or his duly authorized Revenue Official.
8. Assessment with issued FAN/FLD or AR/DA case/s previously reported in the General Control Ledger (GCL) report shall be closed upon the approval of ATCA by filling-out the ATCA column of the GCL report (*BIR Form 0319*). The GCL report and its corresponding attachment “Monthly List of Accounts Cancelled” (*BIR Form 0319-A4*) shall be submitted to ARMD in hard and soft copies, together with the triplicate copy of ATCA, not later than 10th day of the month following the date of the approval of ATCA.
9. Assessment with issued FAN/FLD or AR/DA case/s previously included in AR/DA database shall be removed by updating the “AR/DA Inventory List” (*Annex F of RMO No. 22-2015*). The said list shall be submitted in hard and soft copies to ARMD together with the GCL Report not later than 10th day of the month following the date of the approval of ATCA.
10. The ARMD shall monitor the reports on AR/DA case/s approved for cancellation and validate the authenticity of ATCA issued by concerned Offices identified in the matrix prescribed under this Order and submit the results thereof to Collection Service within twenty-five (25) working days from the set deadline of submission of GCL reports and AR/DA Inventory List.
11. Offices authorized to prepare ATCA shall request for ATCA forms from their respective Administrative Division in the Regional Offices, or from the Accountable Forms Division for those in the National Office.

12. The Administrative Division/Accountable Forms Division is responsible for the issuance of ATCA forms, as well as in the monitoring of its inventory to ensure sufficiency of supply. It shall regularly prepare a report thereon ("Annex C") which shall be submitted to ARMD on or before the 10<sup>th</sup> day of the month following the close of every quarter.

**IV. TRANSITORY PROVISIONS**

1. All unused ATCA Forms previously issued to Offices who are no longer authorized to prepare ATCA under this Order shall be immediately surrendered to the Administrative Division of the Regional Office or to the Accountable Forms Division for offices in the National Office, as the case may be, upon effectivity of this Order.
2. All concerned offices who failed to surrender unused ATCA Forms shall be reported to the Office of the Assistant Commissioner, Collection Service for appropriate action.
3. All unused ATCA forms shall be issued to Offices authorized to prepare ATCA as specified in "Annex A" of this Order.

**V. REPEALING CLAUSE.** All existing rules and regulations or rulings or parts thereof, which are contrary to or inconsistent with the provisions of this Order are hereby amended, modified or repealed accordingly.

**VI. EFFECTIVITY.** The provisions of this Order shall take effect immediately.

(Original Signed)  
**CAESAR R. DULAY**  
Commissioner of Internal Revenue

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