



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

February 2, 2010

REVENUE MEMORANDUM ORDER No. 10-2010

SUBJECT : Project R.I.P.

TO : All Internal Revenue Officials, Employees and Others Concerned

I. BACKGROUND AND OBJECTIVE

The BIR statistics indicate that there were substantially low numbers of estate tax returns filed in the past years. Only 29,198 in 2007, 29,863 in 2008 and 26,811 in 2009 estate tax returns were filed, with total estate tax collections of P649.9 million, P854.9 million and P876.8 million, respectively. The recorded deaths in the National Statistics Office are 415,271 for 2005 and 389,081 for 2006.

These clearly indicate that there is a large potential in increasing the number of estate tax returns filed and estate taxes collected. **Project Rest in Peace (R.I.P.)** is being implemented to tap this tax potential and to maximize the number of estate tax collections.

This Order is being issued to prescribe the policies and guidelines on the monitoring, processing and maintenance of a database of estate tax cases.

II. POLICIES AND GUIDELINES

The following policies and guidelines shall be observed:

1. All Revenue District Offices shall conduct a pro-active and close monitoring of potential estate tax cases by establishing linkages with and/or accessing or securing the records of the following:
 - a. Civil Registers
 - b. Hospitals
 - c. Memorial Parks

- d. Cemeteries
 - e. Funeral Parlors
 - f. Crematoriums
 - g. Judicial Clerks of courts
 - h. Obituaries
 - i. Life Insurance companies and other financial institutions
2. The Access to Records form/letter prescribed in RMO No. 7-2010 shall be used for requesting for information from the above mentioned entities. The following information shall be required:
- a. Name of decedent
 - b. Address of decedent
 - c. Date of death
 - d. Status of decedent (i.e., Married, single, with children, etc.)
 - e. Name of relative(s)/contact person(s)
 - f. Address of relative(s)/contact person(s)
3. All information gathered shall be submitted to the Chief, Audit Information, Tax Exemption and Incentives Division (AITEID) for centralized data warehousing and other processing procedures. Details on these shall be prescribed in a separate issuance.
4. The Revenue District Officer (RDO) shall send the Notification Letter (see **Annex A**) to the relative/contact person/residence of the decedent who has been ascertained as a resident or registered taxpayer of the Revenue District Office. All other cases/information gathered on the decedents who are NOT residents or registered taxpayers of the Revenue District Office shall be sent to the Chief, AITEID. The Chief, AITEID shall ascertain which Revenue District Office has jurisdiction over these cases and transmit the same to these RDOs for compliance with the guidelines prescribed in RMO 11-2010. All of these procedures shall be done not later than five (5) days from getting the information.
5. The Notification Letter shall advise and remind the relative/administrator of the decedent of the requirements and the due dates for filing of notice of death, the estate tax return and the payment of the estate taxes.
6. If the relative/contact person of the decedent fails to file the estate tax return and pay the estate tax on the due date, the RDO shall undertake the necessary action to determine the estate tax obligation of the deceased/decedent and to protect the interest of the BIR. These actions can include such activities as background investigation to determine the properties of the estate, issuance of letter of authority to investigate the case, issuance of *subpoena duces tecum* to compel the relative/contact person to submit information, issuance of notices to entities that may be in possession of the properties of the decedent ordering them not to allow the dissipation or withdrawal of the properties without prior BIR approval, and all other activities deemed warranted.

III. **ROLE OF THE NATIONAL INVESTIGATION DIVISION**

The National Investigation Division (NID) shall be responsible for tracking the obituaries in the newspapers of general circulation. On a weekly basis, the NID shall prepare a list of the names of the decedents listed in the obituaries and complete the information prescribed in (2) above. The NID shall determine who among the decedents in the list are the **“High potential” cases** which are anticipated to have substantial properties and a potential for substantial estate tax payments. The NID shall undertake the same procedures prescribed in (4) to (6) above. Furthermore, the NID shall immediately notify the RDO where the decedent is a resident of or is registered about the High potential cases so that there will be no duplication of efforts. Finally, the NID shall submit weekly the complete list of decedents compiled (showing both the High potential cases and the rest of the cases) to the Chief, AITEID. The Chief, AITEID shall ascertain which Revenue District Office has jurisdiction over the cases not considered as High potential and transmit the same to these RDOs within five (5) days from receipt of the NID.

IV. **ROLE OF THE NATIONAL OFFICE**

The BIR National Office shall be responsible for the following:

- (1) Deputy Commissioner (Information Systems Group) and Deputy Commissioner (Operations Group) to coordinate in the establishment of the Data Warehouse of potential estate tax cases and access to this by concerned BIR offices for their use in the capital gains tax clearance issuance and monitoring and other tax monitoring and collection purposes
- (2) Deputy Commissioner (Legal and Enforcement Group) and Deputy Commissioner (Operations Group) to coordinate :
 - a. the drafting of guidelines and policies for installment payments of estate tax cases and abatement of penalties of long unsettled estate tax obligations;
 - b. formulation of Revenue Audit Memorandum Order to prescribe the procedures for the audit of estate tax cases;
 - c. drafting of other issuances (1) to prescribe the procedures for the issuance of the certificate authorizing the transfer of properties of the decedent; (2) to ensure that properties of the decedent are not withdrawn without payment of the estate tax or approval from the BIR, (3) to curb instances of taxpayers misrepresenting that the sale of real properties of the decedents even after the death of said decedents; and,
 - d. drafting memorandum of agreements providing for enhancement in the administration of the estate tax system and that can be signed with such institutions as the Land Registration Authority, the Bankers Association of the Philippines, the Philippine Life Insurance Association, the Supreme Court, the other organizations.

- (3) Assistant Commissioner for Taxpayer Assistance Service shall be responsible for conducting a Public Awareness Campaign for Project R.I.P.

V. REPEALING CLAUSE

All revenue issuances which are inconsistent with this Order are hereby revoked, modified or amended accordingly.

VI. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
JOEL L. TAN-TORRES
Commissioner of Internal Revenue

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