



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

8 December 2010

**REVENUE MEMORANDUM CIRCULAR No. 98-2010**

**SUBJECT:** Prescribing the Guidelines and Procedures for the Treatment of Unserved Letter Notices, Letter of Authorities and Tax Verification Notices in Instances Where the Concerned Taxpayers Cannot Be Located

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

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**I. OBJECTIVES**

In the course of investigations conducted on the basis of a duly-issued Letter Notice (LN), Letter of Authority (LA) and Tax Verification Notice (TVN), it has been observed that a number of LNs, LAs and TVNs remain unserved, due to the failure of the concerned Revenue Officers to locate the subject taxpayers even after having exhausted all possible means to do so.

In this regard, this Order is being issued to provide the policies and guidelines to be observed in handling such unserved LNs, LAs, and TVNs, and in making the necessary adjustments to the Bureau of Internal Revenue's tax database in the matter of taxpayers whose whereabouts cannot be located.

**II. POLICIES AND GUIDELINES**

1. Every effort shall be made to serve an LN, LA and TVN to the concerned taxpayer, employing all possible means available. In endeavoring to locate a taxpayer, the Revenue Officer must obtain the appropriate Certifications from any two (2) of the following offices / organizations:
  - Baranggay Office
  - Municipal / City Government Business Permit / Licensing Office
  - Department of Trade and Industry
  - Securities and Exchange Commission
  - Manila Electric Company (MERALCO)
  - Philippine Long Distance Telephone Company (PLDT)

2. In the event that any two (2) of the abovementioned offices / organizations shall certify that the concerned taxpayer does not appear in their officials records / archives, said taxpayer shall be given the status of "Cannot Be Located" (CBL) in the records of the Bureau.
3. The names of all taxpayers with CBL status shall be submitted by the concerned revenue officer thru the LN Task Force Head/Revenue District Office (RDO) to the Audit Information, Tax Exempt and Incentive Division (AITEID) for publication in the BIR Website and in at least two (2) newspapers of general circulation, to provide such taxpayers with the opportunity to come forward and clarify their CBL status with the Bureau, and settle their outstanding tax obligations. The Task Force Heads / RDO shall submit the list of said taxpayers on a quarterly basis.
  - 3.1 Taxpayers with CBL status shall be given fifteen (15) calendar days, upon publication of the list of taxpayers in newspapers of general circulation, to communicate with the concerned Bureau office / LN Task Force / RDO regarding their CBL status and tax obligations.
4. The concerned Bureau office / LN Task Force / RDO shall recommend the cancellation of registration and invoicing privileges (Authority to Print Invoices and Receipts) of any taxpayer with CBL status who fails to contact the Bureau within the period provided in the preceding item.
5. The assessment for the tax due shall be made as follows:
  - 5.1 In case of LNs, assess deficiency taxes based on discrepancies per LN; or
  - 5.2 In case of LAs/TVNs, assess deficiency taxes based on best evidence obtainable.

In both cases above, the delinquent accounts arising therefrom should be separately tagged as delinquent accounts from unlocated taxpayers. These accounts must likewise be posted in the BIR Website in order that others who may know these taxpayers can pinpoint their properties to be seized by the Bureau.

6. A list of taxpayers with CBL status whose registrations and invoicing privileges have been recommended for cancellation by the LN Task Force / RDO shall be published in the BIR Website and in two (2) newspapers of general circulation.
  - 6.1. Purchases made from an unlocated taxpayer whose registration has been recommended for cancellation shall not be allowed as deductions for income tax purposes.
  - 6.2. Input taxes from such unlocated taxpayers shall also be disallowed, for VAT purposes.

- 6.3. The cancellation of invoices and other invoicing privileges should not deter the Bureau from pursuing other legal remedies provided for by law and existing issuances.

### **III. REPEALING CLAUSE**

All other issuances and/or portions thereof that are inconsistent herewith are hereby repealed, modified or amended accordingly.

### **IV. EFFECTIVITY**

This Order shall take effect immediately.

(Original Signed)  
**KIM S. JACINTO-HENARES**  
Commissioner of Internal Revenue