

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

July 6, 2018

REVENUE MEMORANDUM ORDER NO. 32-2018

SUBJECT: Prescribing the Audit/Investigation of Individual and Non-Individual Taxpayers by the Regional Assessment Divisions

TO : All Regional Directors, Revenue District Officers, Chiefs of the Assessment Divisions of Regional Offices, Other Revenue Officers and Others Concerned

I. OBJECTIVE

This Order is issued to improve the voluntary compliance of individual and non-individual taxpayers belonging to the small category and to generate additional revenues from these taxpayers through an audit to be conducted by Revenue Officers (ROs) of the Office Audit Section (OAS) of the Assessment Divisions in the Regional Offices.

II. COVERAGE

Electronic Letters of Authority (eLAs) shall be issued to cover the audit/investigation of taxpayers for tax returns for taxable year 2017 under the jurisdiction of the Regional Office with gross sales/receipts as follows:

Revenue Region Nos.	Gross Sales/Receipts
5, 6, 7 and 8	₱ 10,000,000.00 Million Pesos and below
1, 4, 9A, 9B, 11, 12, 13, 16 and 19	₱ 5,000,000.00 Million Pesos and below
2, 3, 10, 14, 15, 17 and 18	₱ 2,000,000.00 Million Pesos and below

One (1) eLA shall be issued for each taxable year to include all internal revenue tax liabilities of the taxpayer, except when a specific tax type had been previously examined (e.g., audit of VAT under the VAT Audit Program and claim for issuance of VAT refund/Tax Credit Certificate). Under such instance, the phrase “All internal revenue tax liabilities, except VAT” shall be indicated in the eLA.

Exclusion:

Claims for issuance of tax refund/Tax Credit Certificate (TCC) of taxpayers

III. AUDIT POLICIES AND GUIDELINES

1. The audit of cases issued under this Order shall be conducted without field investigation by ROs (Assessment) of the OAS in the Assessment Division of the Regional Offices.

2. The Chief, Assessment Division shall retrieve copies of manually filed and electronically submitted tax returns through eFPS or eBIR Forms for taxable year 2017 from the Document Processing Division and Revenue Data Center, respectively. From the said tax returns, the Chief, Assessment Division shall select tax returns for office audit subject to the prescribed thresholds in item no. II hereof.
3. The Electronic Letter of Authority Monitoring System (eLAMS) shall be used in the request, approval and issuance of eLAs, as well as in reporting the accomplishments on eLAs issued. However, to ensure the close monitoring of accomplishments of cases under this Order, the Chief, Assessment Division shall also submit the reports prescribed under Item IV.
4. The workload of each RO shall not exceed fifteen (15) cases at any one time, subject to replenishment after the submission of the report of investigation/closure of each case.
5. The report of investigation shall be submitted to the Review and Evaluation Section in the Assessment Division within ninety days (90) days from the issuance of the eLA.
6. The eLA, together with the Notice for the Presentation/Submission of Documents/Records with checklist of requirements may be delivered personally to the taxpayer by a BIR employee duly authorized for the purpose, who may be the RO assigned to the case or another employee with a written authorization, or delivered through a courier company. The concerned taxpayer shall be given ten (10) days from receipt of the Notice to present/submit the required documents and records. In case the taxpayer does not comply with the Notice, a reminder letter shall be sent immediately after the lapse of the 10-day period. In case the requested documents/records are not presented/submitted within five (5) days from receipt of the reminder letter, a memorandum report shall be prepared recommending the issuance of Subpoena Duces Tecum (SDT). No further extension for the presentation/submission of documents and records shall be allowed.
7. In case the eLA/Notice/reminder letter is sent through a courier company, the envelope containing the notice must be properly addressed with the following statement printed/stamped on it:

Return to Sender:			
<input type="checkbox"/>	Moved Out	<input type="checkbox"/>	Forwarding Address:
<input type="checkbox"/>	Unknown	<hr/>	
<input type="checkbox"/>	Refused to accept	<hr/>	
<input type="checkbox"/>	No One to Receive	<input type="checkbox"/>	Others: _____
<input type="checkbox"/>	Insufficient Address	<hr/>	

If undelivered within ten (10) days, please return to (indicate specific BIR office and address).

8. All existing policies and procedures as regards the issuance of assessment notices shall be strictly observed.

IV. REPORTING REQUIREMENTS:

The Chief, Assessment Division shall submit to the Assistant Commissioner – Assessment Service the following reports not later than the 10th day of each month:

	Name of Report	Annex
1.	eLAS Issued for the Office Audit/Investigation of Taxpayers	A
2.	Accomplishments on the Office Audit/Investigation of Taxpayers	B
3.	Report on eLAS Issued that were Cancelled Prior to the Service of eLA/Transferred to Other Office/Cannot Be Located Taxpayers	C
4.	Office Audit eLAS Referred to the Legal Division	D
5.	Report on Final/Executory Collectible and Protested/Disputed Assessments Issued to Taxpayers Posted in Form 40	E

V. REPEALING CLAUSE

All other issuances inconsistent herewith are hereby modified or repealed accordingly.

VI. EFFECTIVITY

This Order shall take effect immediately upon approval.

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