REVENUE MEMORANDUM ORDER NO. 30-2000 issued August 17, 2000 prescribes the year 2000 Audit Program for Excise Taxpayers. The Audit Program covers investigation of 1999, 1998 and unverified prior years internal revenue tax returns, including returns of fiscal-period taxpayers whose taxable years ended any day from June 1, 1999 to July 31, 2000 for taxpayers whose business are primarily engaged in the manufacture, production, importation and distribution of articles subject to excise tax. The issuance and approval of all Letters of Authority (LAs) pursuant to the Audit Program shall be done by the Commissioner of Internal Revenue and shall be based on the selection criteria specified in the Order. Mandatory audit of the following excise taxpayers will be conducted: 1) taxpayers retiring from business regardless of amount of gross assets, sales or receipts; 2) taxpayers requesting for merger/consolidation/split-up and other types of corporate reorganization; 3) claims for tax credit/refund of internal revenue taxes (except excise tax) of excise taxpayers; 4) excise taxpayers selected for audit based on third-party information; and 5) prescribing tax cases.

Moreover, the Assistant Commissioner for Excise Taxpayers Service (ACIR, ETS) shall conduct a short audit on the following cases: 1) inconsistencies of sales and purchases declared in VAT return against third party information; 2) taxpayers with substantial reduction in gross sales/receipts/tax payments and/or substantial increase in costs of sales and expenses; 3) inconsistency between VAT payment vis-à-vis excise tax payment; 4) VAT input is greater than VAT output for at least two (2) consecutive quarters; 5) unverified taxpayer's declaration of substantial increase in gross sale or revenue as per their own press release or publication; and 6) reported violations of the provisions of excise tax laws, rules and revenue regulations pertaining to production/removal of excisable articles.

For regular audit, selection of excise taxpayers will be based on the following order of priorities: 1) filing of break-even returns or returns showing net loss for at least two (2) consecutive years; 2) excise taxpayers with asset growth but reported net loss; 3) excise taxpayers with history of low/non-compliance; 4) multinational-corporate excise taxpayers; and 5) other selected excise taxpayers.

Non-LA cases shall be covered by Tax Verification Notices (TVNs) or Memoranda, which shall be issued and approved by the ACIR, ETS, unless otherwise delegated in writing to the Chief, Excise Taxpayers Operations Division.

A Revenue Officer/Group Supervisor shall not audit/investigate the same taxpayer for two (2) consecutive years/periods. Revenue Officers shall conduct the audit within one hundred twenty (120) days from the date of issuance of LA and submit their corresponding report of investigation. If the final report is not completed within the 120-day period, the Revenue Officers shall submit a progress report and shall request for the revalidation of said LA. For short audits, the investigation and submission of reports shall be completed within sixty (60) days from the date of issuance of LA.