Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Quezon City

June 4, 2019

REVENUE MEMORANDUM ORDER NO. 41-2019

SUBJECT: **Prescribing the Required Documents in the Processing of the Request for the Lifting of Warrant of Garnishment, Notice of Tax Lien, Notice of Levy and Notice of Encumbrance**

TO : All Internal Revenue Officers and Others Concerned

I. BACKGROUND

Warrant of Garnishment (WG), Notice of Tax Lien (NTL), Notice of Tax Levy (NOL) and Notice of Encumbrance (NOE) are generally issued to persons who have either control or custody of the properties owned by taxpayers with outstanding tax liabilities with this Bureau in order to enforce the collection remedies provided under the Tax Code, as amended. These warrants and notices prohibit the persons having control or custody of the properties of the delinquent taxpayers to dispose the same to other parties other than this Bureau since these properties shall be taken for partial/full settlement of the owner-delinquent taxpayer's tax liabilities. Delinquent taxpayers may, at any time prior to the transfer of ownership of these properties either to the government or the bidder to whom the subject properties were awarded, or prior to the application of the amount garnished to the outstanding tax liabilities, request the lifting of these warrants and notices, provided the total tax liabilities being collected by this Bureau are fully satisfied. However, there are also instances when the request for the cancellation of the effect of these warrants can be filed by persons other than the delinquent taxpayers. This is when the ownership of the properties has already been transferred to other person who is not liable to the tax liabilities subject of the annotated NTL/NOL/NOE in the document evidencing ownership.

The Collection Manual as prescribed under Revenue Memorandum Order No. 28-2012 enumerated instances when a lien on delinquent taxpayer's properties due to the issuance of a Notice of Tax Lien (NTL)/Notice of Levy (NOL)/Notice of Encumbrance (NOE) may be extinguished, which are likewise the bases for which the Warrant of Garnishment (WG) may be lifted. But due to certain scenarios being encountered at present, instances as prescribed in the said manual, as well as the procedures in the issuance of the "Notice of Lifting of WG/NTL/NOL/NOE", need to be updated.

II. OBJECTIVES

This Order is being issued to prescribe additional instances when the lifting of the WG/NTL/NOL/NOE may be made, the procedures for the issuance of the "Notice of Lifting of NTL/NOL/NOE and WG", and the necessary documents that shall be required from the parties/persons requesting their issuance.

III. GENERAL PROVISIONS

3.1 The issued WG, NTL, NOL and NOE may be extinguished under any of the following instances:

a. Full payment by the taxpayer of the unpaid tax liabilities, including all applicable delinquency penalties due thereon.

b. Acceptance of the full payment of the taxpayer's offer for compromise settlement and the subsequent transmittal with initial recommendation for approval thereof to either NEB or REB of the tax docket subject of the WG, NTL, NOL and NOE. The Commissioner of Internal Revenue is not precluded from the reinstatement of said summary remedies, if found necessary, to protect the interest of the Government

c. Full payment of the basic tax due and subsequent approval of the abatement of penalties by the CIR due on the tax liabilities subject of the NTL, NOL, WG and NOE.

d. Full or partial cancellation of the original assessment as a result of reinvestigation or reconsideration of the assessment; and the revised assessment, if any, was already paid in full by the taxpayer, and the corresponding ATCA on the cancelled assessment has been issued by the reinvestigating office.

e. Prescription of the Bureau's right to assess and/or collect the unpaid tax liabilities under the Statute of Limitations.

f. The taxpayer has made an escrow account with any branch of the Bureau's Authorized Agent Banks (AABs), in favor of the BIR in the amount not less than his/her/its tax liability, including the increments incident to delinquency, or has filed a surety bond issued by an accredited surety company for an amount not less than double the amount of his/her/its outstanding tax liability.

g. Full destruction of the improvement of property subject to the lien due to fortuitous events.

h. The competent court has issued a final and executory order for the lifting thereof.

i. The seized property is no longer owned by the delinquent taxpayer due to disposal prior to its seizure/lien/issuance of NOE.

j. The account garnished is for the **s**alaries of government employees.

k. Instances considered meritorious, provided that the interest of the government is not jeopardized, but with prior approval by the Commissioner.

l. All other cases considered meritorious over which the Commissioner, in the interest of justice and pursuant to the doctrine of **"**parens patriae**"** may exercise his discretionary power to directly order the lifting regardless of the above enumerated procedures.

3.2 Request for the issuance of "Notice of Lifting of WG/NTL/NOL/NOE" shall only be processed if the required documents applicable to the ground invoked are submitted. The applicable documents for each of the aforementioned ground or basis are in Annex A of this Order. Hence, request with incomplete documents shall be issued an acknowledgement letter within ten (10) working days from receipt of the request, stating the lacking documents, and using the herein prescribed format as shown in "Annex B" of this Order.

3.3 The received request for the issuance of "Notice of Lifting of WG/NTL/NOL/NOE", with complete documents, shall be processed within ten (10) working days from its receipt.

3.4 The processing of the application for the issuance of "Notice of Lifting of WG/NTL/NOL/NOE" shall be done by the particular office which has jurisdiction over the tax liabilities subject of the WG/NTL/NOL/NOE [e.g., Receivable Accounts and Collection Enforcement Section (RACES) of the Collection Division, Collection Enforcement Monitoring Section (CEMS) of Accounts Receivable Monitoring Division (ARMD), Collection Enforcement Section of the Large Taxpayers - Collection Enforcement Division (LTCED)].

3.5 The "Notice of Lifting of WG/NTL/NOL/NOE" shall be approved/signed by the authorized Revenue Official, as follows:

Case Description	Signing/Approving Officer
Enforcement Advocacy Service cases and all other cases handled by the Accounts Receivable Monitoring Division	Assistant Commissioner (ACIR) - Collection Service
Large Taxpayers (LT) Cases	ACIR - Large Taxpayers Service
Large Taxpayers Division (LTD) Cases	Chief - LTD
Regional Office Cases	Regional Director

3.6 The "Notice of Lifting of WG/NTL/NOL/NOE" shall follow the prescribed format as shown in Annexes C/D/E, which shall clearly state the reason for the lifting. It shall be prepared in quadruplicates to be distributed as follows:

Original copy - Concerned Third Party
Duplicate copy - Docket of the Case
Triplicate copy - Concerned Delinquent Taxpayer/Interested Party
Quadruplicate copy - Accounts Receivable Monitoring Division
Quintuplicate copy - Collection Division (CD) /Large Taxpayers-Collection Enforcement Division/ Collection Enforcement Monitoring Section of the ARMD

3.7 The original copy of “Notice of Lifting of WG/NTL/NOL/NOE” shall be properly served to the concerned Third Parties [e.g., banks, Municipal/City Assessors, Register of Deeds, Land Transportation Office(LTO), Air Transportation Office (ATO), Maritime Industry Authority (MARINA), etc.] within five (5) working days upon approval of the Notice. Subsequently, the triplicate copy shall be sent to the concerned taxpayers/interested party.

3.8 A database of all issued “Notice of Lifting of WG/NTL/NOL/NOE” shall be created and maintained by the concerned processing offices, which shall include the following information:

a. Issued correspondences for lifting;
b. Name and address of delinquent taxpayer/person who requested;
c. Taxpayer Identification Number (TIN);
d. Final Assessment Notice Number (FAN);
e. FAN date;
f. Taxable Year;
g. Tax Type;
h. Amount per FAN;
i. Delinquency Penalties;
j. Total Amount Due and Collectible;
k. Payment Made; and
l. Status of Lifting Execution and reason/s for lifting.

3.9 Report on issued “Notice of Lifting of WG/NTL/NOL/NOE”, following the attached format marked as “Annex C”, shall be submitted to the ARMD in hard and soft copies, together with the quadruplicate copy of the notice, if any, not later than every 10th day of the month.

3.10 The reports on issued “Notice of Lifting of WG/NTL/NOL/NOE” shall be post-evaluated by the ARMD in accordance with the policies and procedures in this Order, and results of evaluation or validation shall be submitted to the Collection Service within twenty (20) working days after the set deadline of submission of the report.

IV. PROCEDURES IN THE ISSUANCE OF THE “NOTICE OF LIFTING”

Concerned Revenue Officers under the RCD, LTCED, or ARMD, as the case may be, shall:

1. Receive the request for the issuance of “Notice of Lifting of WG/NTL/NOL/NOE” from the concerned delinquent taxpayer/interested party.

2. Evaluate the request based on the ground/reason invoked, as follows:

Reason/Ground Invoked for Lifting	Manner of Evaluation
2.1 Full settlement of Tax Liabilities	2.1.1 Check with the Integrated Tax System (ITS) if the amount paid is already posted in the taxpayer's ledger. If not posted, seek confirmation from concerned office that the proof of payment presented was indeed received by the Bureau (e.g., Revenue Accounting Division, Collection Section of concerned RDO)
2.2 Acceptance of full payment of the taxpayer's offer for compromise settlement or abatement of penalties and transmittal of the docket with initial recommendation for approval to either the NEB or REB as the case may be	2.2.1 Check and validate the actual payments made through the duly approved BIR Form 0605 evidencing acceptance of payment. 2.2.2 Check if the tax docket is transmitted/endorsed to REB or NEB
2.3 Protested Cases	2.3.1 Verify if the outstanding tax liabilities of the taxpayer covered by a protested case has already been fully settled. 2.3.2 Confirm the closure and payment of the case, in case the same was favorably acted upon by the reinvestigating office, and the corresponding report thereon has been finally approved by the duly authorized official
2.4 Prescribed Cases	2.4.1 Secure copy of duly approved Authority to Cancel Assessment (ATCA) issued by the Compromise and Abatement, Review, Evaluation and Monitoring Section (CAREMS) of the Accounts Receivable Monitoring Division (ARMD)
2.5 Payment through escrow account	2.5.1 Check the validity/sufficiency of escrow deposits or coverage of surety bond with the bank or bonding company, respectively.
2.6 Full destruction of the improvement of property subject to the lien due to fortuitous events	2.6.1 Require the taxpayer to submit an updated appraisal of the property by the Assessor's Office to determine if the resulting value placed on the property on account of the destruction will no longer satisfy the tax liabilities of the taxpayer.
2.7 The competent court has issued a final and executory order for the lifting thereof	2.7.1 Confirm with the Legal Service the validity of the submitted copy of the Court Decision
2.8 The seized property is no longer owned by the delinquent taxpayer due to disposal prior to its seizure/lien/issuance of NOE	2.8.1 Check the completeness of the submitted documents as required under "Annex A"

3. If the application is from the delinquent taxpayer, verify if he/she has other tax liabilities aside from the tax liabilities as annotated in the Certificates of Ownership.

4. Prepare the "Notice of Lifting of WG/NTL/NOL/NOE" addressed to the concerned third party for the approval and signature of authorized signatory:

Warrants and Notices for Lifting	Prescribed Formats	Addressee of the Notice of Lifting
Warrant of Garnishment (WG)	Annex D	President Manager, Treasurer and/or cashier of the concerned third party
Notice of Encumbrance (NOE)	Annex E	Land Transportation Office (LTO) for motor vehicles by land, Air Transportation Office (ATO for aircrafts, Maritime Industry Authority (MARINA) for water vessels
Notice of Tax Lien (NTL)/Notice of Levy(NOL)	Annex F	Register of Deeds or the City/Municipal Assessor's Office in case the real property is untitled and is only covered by a Tax Declaration

5. Prepare memorandum report addressed to the authorized signatory of the "Notice of Lifting of WG/NTL/NOL/NOE", with appropriate recommendation. If the recommendation is for the issuance, have the prepared "Notice of Lifting" signed by the concerned authorized revenue official.

6. Serve the original copy of the notice of the lifting to the third party concerned for the WG; concerned LTO, ATO, and/or MARINA for NOE; Register of Deeds and/or the Assessor's Office for NTL/NOL, and distribute the other copies based on the prescribed manner of distribution under item III.3.6 of this Order to effect the cancellation of the annotation of the NTL/NOL/NOE on the pertinent title/tax declaration and or registration.

7. Prepare and send a letter to the delinquent taxpayer/interested party who requested for the lifting with the information that the WG/NOE/NTL/NOL has/have already been lifted.

8. Maintain a database of issued "Notice of Lifting of NTL/NOL/NOW/WG" and submit/transmit the prescribed report following the formats provided hereof.

V. REPEALING CLAUSE:

All revenue issuances and portions thereof inconsistent herewith are hereby repealed/amended and modified accordingly.

VI. EFFECTIVITY:

This order shall take effect immediately.

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

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