REPUBLIKA NG PILIPINAS
KAWANIHAN NG PANANALAPI
KAGAWARAN NG RENTAS INTERNAS

Quezon City

May 17, 2005

REVENUE MEMORANDUM ORDER NO. 11-2005

SUBJECT : **Amending Pertinent Provisions of RMO 40-2004 (Modified Procedures in Handling Taxpayer's Request for Transfer of Registration) and Inclusion of Additional Policies.**

TO : All Revenue Officials, Employees and Others Concerned

I. OBJECTIVE

This order is being issued to amend certain provisions of RMO 40-2004.

II. AMENDATORY PROVISIONS

1. **Pertinent portion of Part IV, Policy No. 5 and Part V, Procedures under Scenario I(A) [1.3, 1.4, 2.3 & 2.4] pursuant to RMO 40-2004 is hereby amended to read as follows:**

   "Suspended Returns as generated by the Returns Processing System (RPS) and Collection and Bank Reconciliation System (CBR) are no longer required to be resolved by the old/previous RDO but they will be handled manually by the new RDO if there are tax consequences.

   A list of suspended RPS/CBR returns shall be generated by the old/previous computerized RDO for the **current taxable year** which shall form part of the Transfer Related Docket (TRD)."

2. **In lieu of the Operations Memorandum to be issued by the concerned offices from the National Office relative to the procedures on monitoring of open/pending cases from the old/previous RDO pursuant to Policy No. 4 of RMO 40-2004, such procedures are hereby enumerated as follows:**

   A. **On open Audit (AUD)/Tax Credit or Refund (TCR)/Letter of Notice (LN) cases:**

      A.1 **Procedures in the transfer of AUD/TCR cases covered by Letters of Authority (LA)/Audit Notices (AN)/Tax Verification Notices (TVNs), RELIEF and BOC Letter**

Notices from an old/previous Revenue District Office (RDO) to a new RDO.

1. **OLD/PREVIOUS REVENUE DISTRICT OFFICE (RDO)**

   1.1 Chief, Taxpayer Service Section (TSS)/Designated Officer (DO)

   a. For computerized RDOs (where the AUD and TCR are already in place), provide the concerned Revenue Officer (RO) with a copy of following documents:

      - Duplicate copy of the taxpayer's ledger;
      - Quadruplicate copy of the Transfer Commitment Form (TCF); and
      - Duplicate copy of the List of Open AUD/TCR cases as verified from the CMS

      In case there are outstanding/open manually created AUD/TCR cases as verified from manual records maintained in the district office, a list of these cases shall be prepared by the Chief, Assessment Section and shall also be provided to the concerned RO.

   b. For computerized RDOs where AUD and TCR are not yet in place and non-computerized RDOs, prepare list of outstanding AUD/TCR cases and forward said list to the concerned RO.

   1.2 Revenue Officer (RO), Assessment Section

   a. Receive documents from the Chief, TSS/DO and attach the same to the docket of the case. If there are several open AUD/TCR cases, the documents shall be reproduced so that each docket must contain a copy of the documents provided by the Chief, TSS/DO.

   b. If there are prescribing cases (i.e. six (6) months before prescription date), require the taxpayer to execute a Waiver of the Defense of Prescription under the Statute of Limitations of the NIRC (WAIVER). The requirements regarding the proper execution and acceptance of the WAIVER prescribed under the Revenue Delegation Authority Order No. 5-2001 must be satisfied prior to the transfer of the taxpayer's registration to the new RDO. In case the taxpayer does not want to execute a WAIVER of the DEFENSE OF PRESCRIPTION, the prescribing case shall stay with the old RDO which shall process the same until its termination whereas the non-prescribing cases shall be transferred to the new RDO.

c. Where the old/previous RDO is already through with audit/investigation, prepare final Revenue Officer's audit report; otherwise, prepare transmittal letter indorsing the case to the new RDO. A copy of the progress report shall be attached to the docket, which shall contain all documents submitted by the taxpayer.

d. Submit docket together with progress report to the Revenue District Officer, through the Group Supervisor/Chief, Assessment Section, within three (3) days from receipt of documents from the TSS/DO.

1.3 Group Supervisor/Chief, Assessment Section

a. Review preliminary audit report, if applicable.

b. Affix signature/initial on the progress report/transmittal letter.

c. Forward the docket to the Revenue District Officer.

1.4 Revenue District Officer

a. Review preliminary audit report.

b. Affix signature on the progress audit report/transmittal letter.

c. Record action taken by the district office on open AUD/TCR cases covered by LAs/ANs/TVNs in the reports to be submitted to Regional/National Office as follows:

- Indicate under the "Code" and "Remarks" columns of the Monthly Status of Letters of Authority Issued and Acted Upon (using the prescribed format shown in Annex "G" of RMO No. 67-99 dated August 21, 1999) the status and action taken on AUD/TCR cases covered by LAs/ANs and transmit to the Audit Information Tax Exemption and Incentives Division (AITEID) within ten (10) days after the end of the month. The name of the new RDO, reason for the cancellation and date of transmittal shall always be indicated in the said report.

For RDOs where the LA Monitoring System is already in place, update the status of the case. Indicate the status "Submitted to reviewing office" and select "TP transferred to another RDO" from the List of Valid Values. Under the Remarks column, identify the transferee RDO.

- For open AUD/TCR cases covered by TVNs, the same process shall apply. The required information must be reflected in the Monthly Report of Cases Verified, Processed and Closed Covered by TVNs to be submitted to the Regional Director, copy furnished the Assessment Service, thru AITEID.

d. In cases where there are open Letter Notices issued under the Third Party Matching – BOC Data Program and RELIEF System –

- Indicate the status of the LN and the name of the new/transferee RDO in the Monthly Status Report on RELIEF LNs Issued/ Quarterly Status Report on BOC LNs Issued to be submitted to the AITEID.

- Prepare Monthly Report on LNs Transferred using the format prescribed in the memorandum issued by ACIR-Assessment Service on the referral of LNs to another investigating office dated October 7, 2004.

- Transmit the report to the AITEID on or before the 10th day following the close of each month. A copy of the report shall also be provided to the Deputy Commissioner – OIC, Large Taxpayers Service or Regional Director, whichever is applicable.

e. In case there are open TCR cases which are transmitted to another RDO for continuation of processing of the claim, prepare List of Claims for Tax Refund/Issuance of Tax Credit Certificates Referred to Another RDO Due to Transfer of Registration and transmit to the Assessment Programs Division (APD) within ten (10) days after the end of the month when the case was referred/transferred to the new RDO. The list shall include the following data:

- LA/AN/TVN Number;
- Date of Issuance;

- Name of Taxpayer/Claimant;
- TIN of Taxpayer/Claimant;
- Period Covered;
- Nature of Claim (Claim for issuance of Tax Credit Certificate or Tax Refund);
- Tax Type;
- Amount Claimed; and
- Name of New RDO

Distribution of copies:

Original	-	APD
Duplicate	-	Assessment Division of the region having jurisdiction over the old RDO
Triplicate	-	File copy

f. For RDOs with manually issued LAs/TVNs, prepare Monthly Report of Transferred Registration with Open Audit and Tax Credit/Refund Cases pursuant to paragraph VII. B(1)(c) of RMO No. 40-2004. The following information shall be indicated in the report:

- LA/TVN Number;
- Date Issued;
- Case Type (Audit or TCR)
- Name of Taxpayer;
- TIN of Taxpayer;
- Taxable Year;
- Tax Type;
- Revenue Officer Assigned;
- Date of Registration Transfer; and
- Name of New RDO

Distribution of copies:

Original	-	AITEID
Duplicate	-	Assessment Division of the region having jurisdiction over the old RDO
Triplicate	-	File copy

g. Forward the docket of the case to the Assessment Division.

1.5 Chief, Assessment Division (of the region having jurisdiction over the old RDO)

a. Receive the docket of the AUD/TCR case.

b. Reconcile the dockets transmitted by the RDO against the list (open cases of taxpayers whose registration data were electronically transferred) provided by the Revenue Data Center, in case of systems-generated cases and reports submitted by the RDO for manually issued LAs/TVNs and/or other records maintained in the Division for purposes of monitoring manually created cases. Ensure that all open/outstanding cases of taxpayers whose registration records were transferred to another RDO are accounted for. In case there are discrepancies noted, inform immediately the concerned RDO.

c. Update status of the LA in the LA Monitoring System (TP transferred to another district), if applicable, and/or records maintained in the division to reflect action taken/status of the case.

d. Forward the docket of the case to the Administrative Division for transmittal to the new RDO.

1.6 Chief, Administrative Division

a. Receive the docket of the case.

b. Forward the docket of the case to the new RDO.

2. NEW REVENUE DISTRICT OFFICE (RDO)

2.1 Assessment Section

a. Receive the docket of the case.

b. Manually prepare the LA/TVN and indicate on the face of the LA/TVN the notation "This supersedes LA/AN/TVN Number ___________."

c. Forward the LA together with the docket of the case to the RDO for initial, prior to transmittal to the Regional Director. For cases covered by TVN, forward to the RDO for signature.

2.2 Revenue District Officer

a. Affix initial on the LA or sign the TVN, whichever is applicable.

b. Forward the LA with the docket to the Regional Director for approval and signature.

c. Forward the TVN to the concerned RO.

d. If there are TCR cases referred for continuation of processing, report the same in the Monthly Report on Claims for Tax Refund/Issuance for Tax Credit Certificates Filed and submit to the APD as prescribed in the memorandum issued by ACIR – Assessment Service dated February 23, 2004.

e. Include in the Monthly Report of TVNs Issued referred/transferred cases for verification and forward said report to AITEID.

2.3 Regional Director

a. Approve and sign the LA.

b. Forward the signed LA to the concerned RDO.

c. Include in the Monthly List of LAs Issued referred/transferred cases for continuation of audit. The name of the old/previous RDO and the reason for the issuance of the LA shall always be indicated in the report.

d. Transmit the report to the AITEID.

2.4 Revenue Officer

a. Receive the LA/TVN.

b. Follow existing procedures in the service of LA/TVN and conduct of audit.

c. Prepare audit/verification report.

d. Submit audit/verification report to the Revenue District Officer, through the Group Supervisor/Chief, Assessment Section.

2.5 Group Supervisor/ Chief, Assessment Section

a. Review and affix signature on the audit/verification report.

b. Forward the docket to the Revenue District Officer.

2.6 Revenue District Officer

a. Review and affix signature on the audit/verification report.

b. Report action taken by the district office on referred AUD/TCR/LN cases as follows:

- Indicate under the "Code" and "Remarks" columns of the Monthly Status of LAs Issued and Acted Upon the action taken on referred cases covered by LAs/ANs and transmit the same to the AITEID. For RDOs where the LA Monitoring System is already in place, update the status of the case.

- For AUD/TCR cases covered by TVNs, the above required information must be reflected in the Monthly Report of Cases Verified, Processed and Closed Covered by TVNs to be submitted to the Regional Director, copy furnished the Assessment Service, thru the AITEID.

- Indicate status of the LN and name of the old/previous RDO in the Monthly Status Report on RELIEF LNs Issued/Quarterly Status Report on BOC LNs Issued to be submitted to the AITEID.

- Report claims for tax credit/refund processed in the Monthly Report of Tax Credit/Refund Processed as prescribed in RMO No. 67-99 and submit the same to the APD.

c. Forward the docket of the case to the Assessment Division

2.7 Chief, Assessment Division, Regional Office

a. Follow existing procedures in the review and approval of the report of investigation.

b. Update status of the LA in the LA Monitoring System, if applicable, and/or records maintained in the division to reflect action taken/status of the case.

A.2 Procedures in the monitoring of cases in the National Office

1. Audit Information, Tax Exemption & Incentives Division (AITEID)

1.1 Receive the following reports from the Regional Offices, Revenue District Offices and Revenue Data Centers:

- Monthly List of LAs/ANs Issued
- Monthly Report of TVNs Issued
- Monthly Status of LAs/ANs Issued and Acted Upon
- Monthly Report of Cases Verified, Processed and Closed Covered by TVNs
- Monthly Status Report on RELIEF LNs Issued
- Quarterly Status Report on BOC LNs Issued
- Monthly Report on LNs Transferred
- List of Open Audit, Letter Notice (LN) and TCR Cases of Taxpayers whose Registration Records were Electronically Transferred
- Monthly Report of Transferred Registration with Open Audit and Tax Credit/Refund Cases

1.2 Evaluate and analyze information contained in the reports. In case there are discrepancies noted, inform immediately the concerned office.

1.3 Follow existing procedures in the processing of reports.

2. Assessment Programs Division (APD)

2.1 Receive the following reports from the Revenue District Offices:

- List of Claims for Tax Refund/Issuance of Tax Credit Certificates Referred to Another RDO Due to Transfer of Registration
- Monthly Report on Claims for Tax Refund/Issuance for Tax Credit Certificates Filed
- Monthly Report of Tax Credit/Refund Processed

2.2 Follow existing procedures in the processing of reports.

B. On Open Accounts Receivable (AR), Returns Compliance System (RCS) cases

1. Revenue Data Centers (RDC)

a. For computerized RDOs, furnish the Collection Enforcement Division (CED) with systems generated Monthly Report of Transferred Registration with Open Accounts Receivable (AR) Cases (Annex "C"), and the Collection Programs Division (CPD) with Monthly Report of Transferred Registration with Open RCS Cases (Annex "D"), both duly validated by the RDO, copy furnished the ACIR, Collection Service and the concerned Regional Director, on or before the 5th day of the following month.

2. **Computerized Revenue District Office (RDO)**

   a. Certify the correctness of the AR balance/open RCS/Stop-filer cases, if any, in the Summary Lists of Open/Pending Cases included in the TRD checklist; and

   b. Provide CED and CPD with explanation on the discrepancies in their reports, copy furnish the Regional Director.

3. **Non-computerized Revenue District Office (RDO)**

   a. Furnish the Collection Enforcement Division (CED) and Collection Programs Division (CPD) with a Monthly Report of Transferred Registration with Open Accounts Receivable (AR) Cases (Annex "E") and Monthly Report of Transferred Registration with open RCS Cases (Annex "F") respectively, copy furnish ACIR, Collection Service and the concerned Regional Director, on or before the 5th day of the following month; and

4. **Collection Enforcement Division (CED)**

   a. Analyze the duly validated monthly reports received from RDCs and Non-computerized RDOs;

   b. Prepare and submit a Monthly Consolidated Report of Transferred Registration with Open/Pending AR Cases to the Assistant Commissioner – Collection Service (ACIR-CS) on or before the 20th day of the following month;

   c. Communicate to the concerned RDOs, for appropriate action/resolution, the discrepancies discovered as a result of the analysis and reconciliation, copy furnish the Regional Director; and

   d. Prepare and submit a consolidated report of accomplishment submitted by the RDOs.

5. **Collection Programs Division**

   a. Analyze the duly validated monthly reports received from RDCs and Non-computerized RDOs;

   b. Prepare and submit a Monthly Consolidated Report of Transferred Registration with Open RCS Cases to the Assistant Commissioner – Collection Service (ACIR-CS), on or before the 20th day of the following month;

c. Communicate to the concerned RDOs for appropriate action/resolution the discrepancies discovered as a result of the analysis and reconciliation, copy furnish the Regional Director; and

d. Prepare and submit a consolidated report of accomplishment submitted by the RDOs.

3. **Verification Slip (Annex "B") of RMO 40-2004 is hereby amended as Annex "A" hereof.**

III. ADDITIONAL POLICIES

1. **All open/pending cases, whether Audit (AUD), Accounts Receivable (AR), Returns Compliance System (RCS) or Tax Credit/Refund (TCR) including suspended returns as generated by Returns Processing System (RPS)/Collection and Bank Reconciliation System (CBR), shall be the responsibility of the new RDO which shall be handled and pursued manually.**

2. **In case of an open Accounts Receivable (AR) case which is prescribing within six (6) months as of the date of request for transfer, collection thereof should be enforced by the old RDO and the docket thereof shall no longer form part of the TRD.**

3. **On all open/pending cases, whether or not a Preliminary Assessment Notice (PAN) or Final Assessment Notice (FAN) has already been issued and in the possession of any of the concerned offices: Assessment Division, Legal Division, Special Investigation Division or with the Office of the Regional Director as of the date of request for transfer, the concerned office shall cause the transmittal of the docket of the case to the corresponding office in the Region having jurisdiction over the new RDO within the fifteen (15) day period required in the handling of taxpayer's request for transfer of registration.**

   However, for cases prescribing within six (6) months as of the date of request for transfer, the concerned office of the Regional Office having jurisdiction over the old/previous RDO shall ensure that the docket of the case contains the duly signed Waiver of the Defense of Prescription (WAIVER) under the Statute of Limitations of the NIRC prior to transmittal of the case to the concerned office of the Regional Office having jurisdiction over the new RDO.

4. **For prescribing cases where no WAIVER has been executed by the transferring taxpayer in relation to second paragraph of No. 3 above, the head of the concerned office shall ensure that the case has reached the final assessment stage. A tax docket should not be transmitted to the new RDO/office covering the new place of business of the taxpayer unless a Final Assessment Notice (FAN) has been issued. Under no instance in such cases should the**

taxpayer's request for transfer be acted upon beyond sixty (60) days from receipt thereof.

Prescribing collection cases shall be processed by the old RDO.

5. **In addition to the electronic or manual list of generated cases and other documents relative to the TRD, a photocopy of all physical returns for the last three (3) taxable years shall be certified by the old/previous RDO and transferred to the new RDO.**

6. **The old/previous RDO shall process transfer of registration requests by taxpayers earning purely compensation income upon issuance of the approved BIR Form 1905.**

7. **A Transfer Confirmation Notice (TCN) shall no longer be required in all cases where a taxpayer is requesting for transfer of registration.**

8. **The old/previous RDO shall duly certify, accomplish and update the TRD Checklist (Annex "B") which shall serve as guide for the new RDO as to the contents of the TRD.**

IV. REPEALING CLAUSE

All revenue issuances and/or portion/s thereof inconsistent herewith are hereby repealed, amended and/or modified accordingly.

V. EFFECTIVITY

This order shall take effect immediately.

(Original Signed)
GUILLERMO L. PARAYNO JR.
Commissioner of Internal Revenue