

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

April 23, 2009

REVENUE MEMORANDUM ORDER NO. 17-2009

Subject : Prescribing Guidelines and Procedures in Handling Letter Notices Generated Thru Tax Reconciliation System (TRS) and Reconciliation of Listing for Enforcement System (RELIEF)/Third Party Matching-Bureau of Customs (TPM-BOC) Data Program in the Year 2007 for Audit and Enforcement

To : All Internal Revenue Officers and Others Concerned

I. OBJECTIVE

This Order is issued to harmonize procedures and minimize processing time in handling Letter Notices (LNs) for taxable year 2007 generated thru the Tax Reconciliation System (TRS), Reconciliation of Listing for Enforcement System (RELIEF)-Summary List of Sales and Purchases (SLSP) and Third Party Matching-Bureau of Customs (TPM-BOC) Data Program to enhance and maximize revenue collections.

II. COVERAGE

This Order shall cover the income and value added tax liabilities of individual and corporate taxpayers who were issued LNs based on the TRS and Consolidated RELIEF- SLSP and TPM-BOC Data Programs covering taxable years 2007.

III. POLICIES

1. As provided for under existing Revenue Memorandum Orders (RMO) on TRS (i.e., RMO No. 28-2007, as amended by RMO No. 4-2008); RELIEF/SLSP System (i.e. RMO No. 30-2003, as amended by RMO Nos. 42-2003, 24-2004, 32-2005, 21-2006, 32-2007 and 36-2008) and TPM-BOC Data Program (i.e., RMO No. 34-2004, as amended by RMO Nos. 46-2004, 32-2005, 21-2006, 32-2007 and 36-2008), taxpayers with discrepancy on their income, sales and/or purchases (domestic or imported) shall be notified of such findings through the issuance of an LN (Annex "A" for TRS-LN and Annex "A-1" for RELIEF-LN).

2. LNs covering taxable year 2007 shall be deployed based on the parameters set by (a) Withholding Tax Division (WTD) for TRS-LN together with the Details of Withholding Agents/Payors and Payees/Income Recipient Report (DWAPR); and (b) Audit Information, Tax Exemptions and Incentives Division (AITEID) for RELIEF-LN together with the Details of Taxpayer's Customers/Suppliers (DTCS) and/or Details of Importations with Return Information Matching (DIRIM), via the Information Delivery Portal (IDP), as the case may be, and shall be approved by the Commissioner of Internal Revenue (CIR), through the Deputy Commissioner – Operations Group (DCIR-OG).

3. TRS-LNs covering taxable year 2007 shall be consolidated with RELIEF-LNs and shall be handled by the same investigating office (*RO who shall handle TRS-LN shall be the same RO to handle RELIEF-LN*) wherein the report of investigation / verification shall be forwarded to the Office of the Deputy Commissioner-Operations Group (ODCIR-OG) for proper disposition.

4. The CIR shall create an LN Task Force (LNTF) in the National Office (N.O) to handle LNs for taxable year 2007 to be composed of Revenue Officers – Assessment (ROs-A) in the Revenue District Offices (RDOs) who will be assigned in a concurrent capacity to be covered by a Revenue Special Order (RSO). The LN Task Force – N.O shall be supervised by the ODCIR-OG. Consolidated LNs covering taxable year 2007 shall be deployed to the LN Task Force. For LNs under Large Taxpayers, the LN shall be deployed to the respective investigating offices [e.g Large Taxpayers Audit and Investigation Division (LTAID) I, LTAID-II and Large Taxpayers District Offices (LTDO)] under the Large Taxpayers Service.

5. If there is an on-going audit/investigation pursuant to an LA for taxable year 2007 in accordance with the applicable audit program (i.e. RMO Nos. 20-2008 and 21-2008 for taxable year 2007, etc.) issued prior to LN deployment, the LNs (TRS and/or RELIEF) shall be consolidated if there is a written request for consolidation of the same, subject to approval by DCIR-OG. The TPI reflected in the said LNs shall be properly utilized and the extent of its utilization shall be included in the report of investigation by the concerned RO. The ODCIR-OG in such cases may review the utilization of the third party information (TPI) which resulted to the discrepancy/ies reflected in the LNs.

6. The audit report on collections/assessments based on the discrepancies reflected in the LN (TRS and/or RELIEF) together with the docket of the case shall be forwarded to AITEID after review by the Assessment Division/Large Taxpayers Service/DCIR-OG/CIR, as the case may be.

7. In the event the case with LA is already terminated before LN/s is/are issued, the Assessment Division (AD)/Reviewing Office – Large Taxpayer

Service (RO-LTS) is required to ascertain whether the discrepancies reflected in the LNs were considered in the report of investigation. If not, the Assessment Division/Reviewing Office – LTS shall forward the LA docket together with the LN/s to ODCIR-OG thru the Office of the Regional Director (ORD) for non-large taxpayers; to CIR thru ACIR-LTS for large taxpayers for appropriate action. If the discrepancy was considered, the same shall be forwarded to the ORD/ACIR-LTS and recommend for the cancellation of the said LN/s to the ODCIR-OG/ACIR-LTS together with LA docket. ODCIR-OG/ACIR-LTS shall refer the same to AITEID for validation and/or cancellation.

In all cases, the concerned investigating office shall forward the LN with LA tax dockets of audit (which contain LN discrepancy findings) together with BIR Form 0500 Series to the AD/Reviewing Office-LTS (RO-LTS) within ten (10) days after payment of deficiency tax(es) for approval thereof. The AD/RO_LTS shall conduct review and evaluation of dockets on action taken on the LNs with LA as to extent of LN discrepancy utilization/payment and forward the same thru ORD to the ODICR-OG/ACIR-LTS, as the case may be, Attention: AITEID for appropriate action.

8. The investigating offices shall prepare A *Follow-up Letter* (Annex “B”) and serve the same to the taxpayer for which no response was received after fifteen (15) days from receipt of the LN.

In the event a taxpayer who has been issued an LN refutes the discrepancy, he shall be given an opportunity to reconcile his records with those of the BIR within fifteen (15) days from receipt of the LN, to submit documentary proofs in support of his arguments.

If after fifteen (15) days from receipt of *Follow-up Letter*, no response was received from the taxpayer, or he fails to submit the required documents after filing his protest within the fifteen (15)-day period after receipt of the LN, the investigating office shall endorse the docket and recommend to ORD (in case of RDOs); to ACIR-LTS (in case of LTAID-I, LTAID-II or LTDO); or to ODCIR-OG (in case of LN Task Force) or to the Office of the Commissioner of Internal Revenue (OCIR) in the absence of the former, the issuance of an issue-based LA to cover specifically *‘Income and Value Added Taxes Due to Discrepancy/ies Reflected in the LN’*. A *Notice for Informal Conference* together with the LA shall be served to the taxpayer. If taxpayer fails to settle his income and value added tax liabilities resulting from LN discrepancy/ies within fifteen (15) days from receipt of *Notice for Informal Conference* and LA, the investigating office shall endorse the docket to concerned ORD/ACIR-LTS/ODCIR-OG/OCIR for the issuance of the Preliminary Assessment Notice (PAN)/Final Assessment Notice (FAN) in accordance with the provisions of Revenue Regulations (RR) No. 12-99.

9. LNs which remain unserved due to failure to locate the taxpayers after exhausting all means (e.g., MERALCO, telephone directories, barangay certificates, etc.) shall be served by the assigned RO to the Barangay Captain or his authorized representative where the taxpayer is located. In case the Barangay Captain or his authorized representative shall refuse to receive the LN, the LN shall be sent thru registered mail with return receipt to the sender, and the assigned RO shall prepare a report on constructive receipt. If after fifteen (15) days from constructive receipt of the LN, no response was received from the taxpayer, the LN docket shall be endorsed by the RDO/Chief, LTAID-I, LTAID-II, LTDO/ Head, LN Task Force to ORD/ACIR-LTS/ODCIR-OG/OCIR for issuance of an issue-based LA to cover specifically *“Income and Value Added Taxes Due to Discrepancy/ies Reflected in the LN”*. A *Notice for Informal Conference* together with the LA shall be constructively served to the taxpayer. If taxpayer fails to settle his income and value added tax liabilities resulting from LN discrepancy/ies within fifteen (15) days from constructive receipt of *Notice for Informal Conference* and LA, the investigating office shall endorse the docket to ORD/ACIR-LTS/ODCIR-OG/OCIR for the issuance of the Preliminary Assessment Notice (PAN)/Final Assessment Notice (FAN) in accordance with the provisions of RR No. 12-99 and the same shall likewise be endorsed to ORD (in case of RDOs); to ACIR-LTS (in case of LTAID-I, LTAID-II or LTDO); or to ODCIR-OG (in case of LN Task Force) Attention: AITEID for inclusion in the suspense file.

10. For taxpayer issued with an LN who transferred to another investigating office, the RDO/LTAID-I/LTAID-II/LTDO/LN Task Force shall forward the LN together with the DWAPR/TCS/DIRIM and documentary proofs, and shall forward the same to ODCIR-OG Attention: AITEID for validation/cancellation. AITEID shall refer the same to Systems Operations Division (SOD) for regeneration.

11. The deficiency income, value added and percentage taxes shall be computed using the formulas prescribed in the Computation Sheets hereto attached. (All appropriate Annexes under “C”)

12. In case discrepancy is due to the fault of the taxpayer submitting incorrect Summary List of Purchases (SLP) in the case of purchases, the said discrepancy shall be disallowed as purchases and the corresponding input tax shall not be allowed to the purchaser. In the case of incorrect information on Summary List of Sales (SLS), the seller shall be penalized for failure to provide the correct information.

13. In case taxpayer files a protest against PAN/FAN and requests for reinvestigation/reconsideration, the ORD/ACIR-LTS/ODCIR-OG/CIR shall evaluate the protest in accordance with the provisions of RR No. 12-99.

- a. If the protest is valid, refer the case to the concerned investigating office for appropriate action on the request for reinvestigation.
 - a.1 The RDO/LTAID-I/LTAID-II/LTDO/LN Task Force shall act on the protest based on pertinent revenue issuances.
 - a.2 The RDO/Chief-LTAID1/LTAID II/LTDO/LNTF Head shall conduct review and evaluation of dockets on actions taken on the LNs as to the extent of LN discrepancy utilization/payment.
 - a.3. After review of the Revenue District Officer/Chief, LTAID-I/LTAID-II/LTDO/Head, LN Task Force, the docket shall be forwarded not later than ten (10) days after payment or action taken on the protest to ORD/ACIR-LTS/ODCIR-OG/CIR for approval thereof.
- b. If the protest, however, is not valid, taxpayer shall be informed in writing by the concerned investigating office that his request for investigation has been denied and the case shall be referred to the appropriate BIR office to effect collection of the deficiency tax(es).

14. Taxpayer shall be entitled to the abatement of interests and penalties provided he pays the deficiency tax(es) within thirty (30) days from receipt of the LN covering taxable year 2007 only. Any payment of tax liabilities beyond the 30-day period shall be assessed the corresponding interests and penalties.

15. An “Agreement Form” shall be executed by the taxpayer or his duly authorized representative indicating therein the amounts and dates when the deficiency tax(es) shall be paid.

16. Installment payment shall be allowed in cases where the tax liabilities exceeds five hundred thousand pesos (P500,000.00). In this case, a written request for installment payment of the basic tax due plus increments using the Application for Installment Payment (Annex “D”) has to be accomplished. The interest corresponding to the basic tax due per installment shall be computed up to the date of payment as shown in the application. Aforesaid request may be granted by the Head, LN Task Force/ACIR-LTS in accordance with the following:

- a. If the amount payable exceeds five hundred thousand pesos (P500,000.00) but not more than three million pesos (P3.0M), payment may be done in two (2) equal monthly installments; or
- b. If the amount payable exceeds three million pesos (P3.0M), payment may be done in three (3) equal monthly installments. Any request for deviation from the above-prescribed payment scheme but in no case exceeds six (6) monthly installments shall be subject to the

recommendation of the Head, LN Task Force/ACIR-LTS and approval of higher authorities as follows:

- a. Over P500,000.00 up to P10.0M ODCIR-OG (for non-large taxpayers)/CIR (for large taxpayers)
- b. Over P10.0M CIR

In case of default of any installment payment, the remaining balance shall become due and demandable immediately without prior notice to taxpayer.

All applications shall be signed by the Recommending Officer and/or Head, LN Task Force/ACIR-LTS, as the case may be. The LN Task Force/LTS shall keep track of payments of taxpayers with requests for installment payments and indicate the same in the appropriate columns provided in the Monthly Collection and Status Report on Letter Notices for TY _____ (Annex “E”) for submission to ODCIR-OG/ACIR-LTS, Attention: AITEID within ten (10) days following the close of each month.

17. The settlement and payment of the deficiency tax(es) under an LN or issue based LA by a taxpayer shall not preclude the Bureau from issuing an LA/TVN covering the comprehensive audit/investigation of his tax liabilities, if warranted. However, any payment of deficiency tax(es) shall be credited against any assessment that may be made by the investigating office pursuant to an LA/TVN provided the discrepancies disclosed by said audit/investigation are of the same nature as the discrepancies reflected in the LN.

18. In all cases, the investigating office shall forward the LN dockets (which contain LN discrepancy findings) to the ACIR-LTS/ODCIR-OG/CIR within ten (10) days after payment of the deficiency tax(es) for approval thereof. The ACIR-LTS/ ODCIR-OG shall conduct review and evaluation of dockets on actions taken on the LNs as to the extent of LN discrepancy utilization/payment.

19. Revenue Memorandum Circular No. 40-2003 provides that LNs issued to taxpayers can be considered notice of audit/investigation insofar as the amendment of any return covering the period referred to in the LN. Accordingly, a taxpayer is disqualified from amending his return covering the period referred to in the LN upon issuance of the same. Furthermore, CTA Case No. 7093 dated February 22, 2006 states that *“LNs issued against a taxpayer in connection with the information of underdeclaration of sales and purchases gathered through Third Party Information Program may be considered as a “notice of audit or investigation” in the absence of evident error or clear abuse of discretion.”*

20. The guidelines and procedures in handling LNs as set forth under RMO on TRS (i.e., RMO No. 28-2007, as amended by RMO No. 4-2008); RMO on “RELIEF”/SLSP System (RMO No. 30-2003, as amended by RMO Nos. 42-2003, 24-2004, 32-2005 and 21-2006) and RMO on TPM-BOC Data Program (i.e., RMO No. 34-2004, as amended by RMO Nos. 46-2004, 32- 2005, 21-2006,

32-2007 and 36-2008), shall continue to remain in force for LNs issued for TY 2006 and prior years.

21. All activities/accomplishments of the LN Task Force/investigating offices relative to this Order shall be monitored online thru the IDP by the ODCIR-OG/ACIR-LTS/ORD through AITEID under the e-Correspondence Monitoring System (eCMS)/Letter Notice Monitoring System (LNMS) based on access rights and privileges granted to those offices.

IV. GUIDELINES AND PROCEDURES

A. Systems Operations Division (SOD/Information System Developments Service (ISDS)

1. Activate the processes needed for Consolidated LN (TRS/RELIEF/BOC) generation covering calendar 2007 based on the discrepancy threshold set by the WTD/AITEID as approved by the CIR.
2. Inform, in writing or via e-mail, the AITEID on the generation, via the IDP, of the new batch of consolidated (TRS/SLSP/BOC) LN packages consisting of the following:
 - a. List of taxpayers issued LNs sorted by Revenue Region (RR)/RDO/ or Investigating Offices under Large Taxpayers Service(LTS);
 - b. System-generated LNs;
 - c. DWAPR;
 - d. DTCS;
 - e. DIRIM.
3. Provide system access rights and privileges to AITEID for TRS-LN information.
4. After the new Consolidated LN packages are validated by AITEID, inform, in writing or via email, Head, LN Task Force, Assistant Commissioner - Large Taxpayer Service (ACIR-LTS) and the concerned Regional Director (RD) on the deployment via the IDP of the new batch of Consolidated LN packages.
5. Publish the new Consolidated LN packages to the LN Task Force/LTS/RD for taxable year 2007 channel in the IDP or print the new Consolidated LN packages if investigating offices channel in the IDP is not available and forward the same to AITEID for deployment to investigating offices.

6. Receive from AITEID the List of Approved LNs for cancellation/closure by ODCIR-OG/ OACIR-LTS/ORD and reflect the same to the LNMS.
7. Regenerate Consolidated LNs together with the DWAPR/DTCS/DIRIM of taxpayers who transferred registration.

B. Audit Information Tax Exemption and Incentives Division (AITEID)

1. Spell out the parameters for the issuance and deployment of 2007 LNs based on the policy direction of top management for approval of the CIR.
2. Set the threshold on LN discrepancies before the activation of the processes needed for generation.
3. Acknowledge, in writing or via e-mail, receipt from the SOD of information on the generation via the IDP of the new batch of LN packages.
4. Validate the new consolidated LN packages before deployment of the same via the IDP.
5. Direct the concerned investigating offices to download and print the new LN packages for service of the LNs, together with the DTCS/DIRIM/DWAPR to the concerned taxpayers.

If the IDP is not available, receive the new LN packages from SOD and effect deployment to the concerned investigating offices.

6. Receive from the concerned Reviewing Office thru DCIR-OG/ACIR-LTS/ORD the following LNs with LA tax dockets for validation:
 - a. For cancellation of LNs, if the discrepancy was considered in the audit case of taxpayers with issued LNs;
 - b. For closure of LNs on paid LAs, if the discrepancy was considered in the audit case of taxpayers with issued LNs; and
 - c. LNs with Integrated Tax System (ITS) error (due to erroneous encoding, timing difference, etc.)
7. Receive from the investigating office thru ODCIR-OG/ACIR-LTS/ORD the LN case recommended for cancellation/closure to LNMS for evaluation and validation, and forward the same to ODCIR-OG/OCIR for approval thereof.

Forward to SOD/ISDS the above mentioned LNs (Item No. 6 and 7) for online updates on the status of all LNs via the IDP to LNMS after the evaluation and approval of the ODCIR-OG/OCIR.

8. Receive from concerned investigating offices copies of Annex “E”.
9. Monitor compliance by the concerned investigating offices, in providing online real-time updates on LN status and collections relative to LNs downloaded by the said offices.
9. Perform overall monitoring, via the IDP, of LNs issued based on real-time online updates provided by the LN Task Force/Investigation Office and other concerned offices granted access rights and privileges.
10. Provide top management with consolidated reports on LN status and collections as may be required.

C. Withholding Tax Division

1. Spell out the parameters for the issuance and deployment of 2007 LNs based on the policy direction of top management for approval of the CIR.
2. Set the threshold on LN discrepancies before the activation of the processes needed for generation.
3. Forward LN information for validation to AITEID.

D. Investigating Offices (LN Task Force/LTAID1 & II/LTDO/RDO)

1. Acknowledge, in writing or via e-mail, receipt of directive from the ODCIR-OG/ACIR-LTS/RD for downloading and printing of the new Consolidated LN packages from the IDP. If investigating office channel in the IDP is not available, receive from AITEID print of the new Consolidated LN (TRS/RELIEF/BOC) packages for deployment.
2. Download from the IDP the new consolidated LN packages consisting of the following:
 - a. List of taxpayers issued LNs sorted by RR/RDO
 - b. System-generated LNs;
 - c. DWAPR;
 - d. DTCS; and
 - e. DIRIM.

3. Print the contents of the consolidated LN packages within three (3) days from downloading of the same. If the IDP channel is not available, receive from AITEID print of the new Consolidated LN packages for deployment.
4. The investigating office shall assign the consolidated LNs to the ROs for appropriate action, e.g., review, evaluate and validate the discrepancies, and serve them personally to the concerned taxpayers or through registered mail with Registered Return Card, together with the DWAPR/DTCS/DIRIM.
5. Maintain a separate record of all consolidated LNs assigned to ROs for accountability. Said record shall contain the following information:
 - a. LN Number (system-assigned control number);
 - b. Name of Taxpayer issued LN;
 - c. TIN of taxpayer;
 - d. Period Covered;
 - e. Name of RO assigned to handle the LN;
 - f. Date of Assignment;
 - g. Remarks.
6. Refer to AITEID the LNs with ITS error and transferred (with ITS updates and print out on REG on ITS) taxpayers for review, validation and regeneration.
7. Forward to AITEID the LNs recommended for cancellation/closure to LNMS for review and evaluation.
8. For LN which remain unserved due to failure to locate the taxpayers after exhausting all means (e.g., MERALCO, telephone directories, barangay certification, etc.) shall be served by the assigned RO to the Barangay Captain or his authorized representative where the taxpayer is located. In case the Barangay Captain or his authorized representative shall refuse to receive the consolidated LN, the consolidated LN shall be sent thru registered mail with return receipt to the sender, and the assigned RO shall prepare a report on constructive receipt for issuance of an issue-based LA to cover specifically "Income and Value Added Taxes Due to Discrepancy/ies Reflected in the LN".
9. Issue a *Follow-up Letter* (Annex "B") if the taxpayer fails to respond within fifteen (15) days from receipt of LN.
10. Act on all protests by the taxpayers within the fifteen (15)-day period after receipt of the LN.

11. If after fifteen (15) days from receipt of *Follow-up Letter*, no response was received from the taxpayer or he fails to submit the required documents after filing his protest within the fifteen (15)-day period after receipt of the LN, prepare issue-based LA to cover specifically “*Income and Value Added Taxes Due to Discrepancy Reflected in the LN*” for signature of OACIR-LTS/ORD/DCIR-OG/CIR. Cause the service of *Notice for Informal Conference* together with approved LA to the taxpayer. If taxpayer fails to settle his income and value added tax liabilities resulting from consolidated LN discrepancy within fifteen (15) days from receipt of *Notice for Informal Conference/LA*, endorse the docket to ORD/ACIR-LTS/DCIR-OG/CIR for issuance of PAN or FAN, as the case may be, in accordance with RR No. 12-99.
12. If the taxpayer interposes no objection to the discrepancies in the consolidated LN and agrees to pay the required taxes within thirty (30) days from date of receipt thereof, collect the basic income and value added taxes without interest and penalties using the formulas prescribed in Annexes “C”, “C-1”, “C-2”, “C-3” or “C-4” (Computation Sheets), as the case may be. Require him to execute an “Agreement Form”. If payment will go beyond the 30-day period, collect the total amount due with the corresponding interests and penalties. The payment shall be made using BIR Form No. 0611-A.
13. Receive from taxpayer who refutes the accuracy of the figures in the consolidated LN (due to erroneous encoding or due to timing differences) documentary proofs, reconciliation schedules, etc. in support of his arguments within the thirty (30)-day period from receipt of the LN. Evaluate, review and compute the deficiency income and value added taxes based on the corrected/adjusted taxable base plus increments. If there are no documentary proofs or there was incomplete documentary requirements submitted by the taxpayer within the prescribed period in support of his protest, follow the procedures under Number 12 of this Item.
14. Receive from taxpayer Application for Installment Payment (Annex “D”). Evaluate, review and approve the same if it is in accordance with the conditions under Item III (16) hereof. However, if there is a deviation from the payment scheme under the same paragraph, prepare recommendation for approval/disapproval of the same by the ODCIR-OG/OCIR, if the amount payable is over five hundred thousand pesos (P500,000.00) up to ten million pesos (P10.0M), or by the CIR if the amount payable is over ten million pesos (P10.0M). The payment shall be made using BIR Form No. 0611-A.

15. Receive dockets from the RD/ACIR-LTS/ODCIR-OG/OCIR to act on protest by taxpayers requesting reinvestigation relative to the LN cases already issued PAN or FAN, as the case may be.
16. Forward to the RD/ACIR-LTS/ODCIR-OG/CIR tax dockets within ten (10) days after payment of the deficiency tax(es) for approval thereof.
17. Prepare and submit Monthly Collection and Status Report on Letter Notices for TRS/RELIEF/BOC TY _____ (Annex "E") to ORD/OACIR-LTS/ODCIR-OG, Attention: AITEID, as the case maybe within ten (10) days following the close of each month.
18. Monitor and keep track of payments of taxpayers with approved requests for installment payments. In case of default by taxpayer of any installment payment, collect the balance immediately plus the corresponding interests and penalties without prior notice to taxpayer.
19. Follow, wherever applicable, the procedures prescribed under RMO Nos. 30-2003, 42-2003, 24-2004 and 34-2004, as amended by RMO Nos. 46-2004, 32-2005, 21-2006, 28-2007, 32-2007 and 36-2008 insofar as the verification of the actions on LN discrepancy are concerned.
20. Provide real- time online updates on the status of all consolidated LNs via the IDP based on access rights and privileges granted to the concerned investigating office.
21. Monitor and evaluate the performance of ROs relative to the LNs assigned to them based on set key performance indicator.

D. Office of the Regional Director

1. Receive from the concerned RDO thru AD the consolidated LN dockets with reports on recommendations of applications on requests for installment payments and approve/disapprove the same if amount payable is less than five hundred thousand pesos (P500,000), or in accordance with the conditions under Item III (16) hereof.
2. Approve and sign PAN/FAN forwarded by investigating offices thru AD in accordance with the provisions of RR No. 12-99.
3. Receive from AD tax dockets for final review, evaluation and approval thereof.
4. Approve and sign recommended LN with LA tax dockets (photocopy of the entire docket) for cancellation/closure with ITS error by the RDO

thru AD and forward the same to ODCIR-OG, Attention: AITEID for appropriate action.

5. Receive from the concerned RDO the Monthly Collection and Status Report on Letter Notices for TY _____ (Annex “E”) within ten (10) days following the close of each month.
6. Monitor compliance by the concerned offices in providing online real time updates on consolidated LN status

E. Large Taxpayers Service

1. Receive from the concerned investigating office thru RO-LTS the consolidated LN dockets with reports on recommendations of applications on requests for installment payments and approve/disapprove the same if amount payable is less than five hundred thousand pesos (P500,000), or in accordance with the conditions under Item III (16) hereof.
2. Approve and sign PAN/FAN forwarded by investigating offices thru RO-LTS in accordance with the provisions of RR No. 12-99.
3. Receive from RO-LTS tax dockets for final review, evaluation, recommendation and approval thereof.
4. Approve and sign recommended LN with LA tax dockets (photo copy of the entire docket) for cancellation/closure//with ITS error by the investigating office thru RO-LTS and forward the same to ODCIR-OG, Attention WTD/AITEID for appropriate action.
5. Receive from the concerned investigating offices the Monthly Collection and Status Report on Letter Notices for TY _____ (Annex “E”) within ten (10) days following the close of each month.
6. Monitor compliance by the concerned offices in providing online real-time updates on consolidated LN status.

F. Office of the Deputy Commissioner – Operations Group

1. Receive and evaluate the report of investigation / verification on 2007 consolidated LN discrepancy/ies, and review as the case may be the utilization of the third party information (TPI) which resulted to the discrepancy/ies reflected in the LNs deployed to offices other than LN Task Force.
2. Supervise the LN Task Force who shall handle the consolidated LNs for the taxable year 2007 in the National Office (N.O)

3. Require investigating office to submit report on collections/assessments based on the discrepancies reflected in the LN (TRS and/or RELIEF/BOC).
4. Receive from investigating offices the consolidated LN dockets with reports on recommendations of applications on request for installment payment/s and approve/disapprove the same.
5. Approve and sign LA to cover specifically Income and Value Added Taxes Due to Discrepancy Reflected in the consolidated LN as recommended by the LN Task Force.
6. Approve and sign PAN/FAN forwarded by the LN Task Force in accordance with the provision of RR No. 12-99.
7. Monitor compliance by the concerned offices in providing online real-time updates on consolidated LN status.

G. Assessment Division/Reviewing Office-LTS (Reviewing Offices)

1. Receive from investigation offices the dockets containing the consolidated LN with DWAPR/DTCS/DIRIM and follow the prescribed procedures in the review of dockets; and
2. Ascertain whether the consolidated LN discrepancy/ies was/were considered in the report of investigation. If the discrepancy/ies was/were considered forward the consolidated LN thru ORD to the ODCIR-OG/OCIR for final review as the case may be. If the discrepancy was not considered, transmit the docket to the concerned investigating office for appropriate action.

V. REPEALING CLAUSE

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

VI. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
SIXTO S. ESQUIVIAS IV
Commissioner of Internal Revenue