

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

May 17, 2002

REVENUE MEMORANDUM ORDER NO. 14-2002

SUBJECT : Prescribing Policies and Guidelines in Implementing the Memorandum of Agreement Entered Into By and Among the Department of Finance (DOF), Bureau of Internal Revenue (BIR), Department of Interior and Local Government (DILG), League of Provinces of the Philippines (LPP), League of Cities of the Philippines (LCP), League of Municipalities of the Philippines (LMP) and the Liga ng mga Barangay sa Pilipinas (LBP) on the Commitment of All Parties to Help One Another in the Implementation of Strategies to Enhance their Tax Enforcement and Collection Efforts by Utilizing all Available Resources Necessary in the Pursuit of these Objectives.

TO: All Internal Revenue Officers and Others Concerned.

I. OBJECTIVES:

This Memorandum Order is issued to:

1. Implement the Memorandum of Agreement (MOA) entered into by and among the DOF, BIR, DILG, LPP, LCP, LMP, and LBP, circularized under Revenue Memorandum Circular No. 21-2001, in order to:
 - a. Increase tax collections by increasing the taxpayer base and collecting correct internal revenue taxes from concerned taxpayers;
 - b. Implement continuing Tax Campaign Program for the enhancement of information dissemination to all concerned parties to increase their level of tax compliance as well as for the delivery of fast, efficient and courteous service to the taxpaying public;
 - c. Recognize the importance of a collaboration effort among the aforementioned concerned groups in meeting the national and local tax collection targets;

- d. Ensure compliance by all local government units (LGUs) with the pertinent provisions of internal revenue tax laws, rules and regulations; and
2. Prescribe policies and procedures relative to the receipt, processing and maintenance of data from the LGUs.

II. Policies and Guidelines:

1. The Revenue District Office (RDO) shall secure from the Local Government Units (LGUs), e.g., Provincial, City, Municipality, under their jurisdiction the following:
 - a. Annual Alphabetical List of Taxpayers (Individuals/Corporations) who were issued Provincial/City/Municipal/Barangay Permits to engage in business;
 - b. Annual Alphabetical List of Professionals/Persons who were issued Professional/Occupational Tax Receipt (PTR/OTR); and
 - c. Quarterly List of Contractors of the respective government contracts entered into by the provinces/ cities/ municipalities/ barangays. (The list shall be shown on a monthly basis or shall have a monthly breakdown).
2. For letters a and b of the preceding paragraph, whenever there are two or more RDOs which geographically comprise one LGU, the RDO where the LGU is located shall secure and transmit the reports to the Tax Assistance Unit (TAU) of the Revenue Region where the RDOs belong. The TAU shall ensure that each RDO shall be provided data on their respective taxpayers. The RDO shall transmit to the concerned Revenue Data Center (RDC) copies thereof but shall always retain a copy (of herein-mentioned reports), copy-furnished the TAU of the region;
3. For letter c of paragraph 1 under Policies and guidelines, the RDO where the LGU is located or which has jurisdiction over the LGU shall receive the Quarterly List of Contractors reports, with monthly breakdown, in either soft copies (diskettes) or hard copies, and shall transmit the same to the Assessment Service, Attention: Audit Information, Tax Exemption and Incentives Division (AITEID), but one copy shall be forwarded to the Assessment Division of the Revenue Region where the RDO belongs for the perusal of the RDOs and the Revenue Region ;
4. The RDO shall remind in writing the Chief, Business Licenses Office of the LGUs every first working day of the year, to require the presentation

by taxpayers of the following documents prior to the renewal of the Business Permits:

- a. Income Tax Returns of the preceding quarter/s and/or year;
 - b. VAT/Percentage Tax Returns;
 - c. BIR Certificate of Registration (BIR Form No. 2303); and
 - d. Annual Registration Fee payment (BIR Form No. 0605).
5. The RDO shall ensure that the LGUs comply with the provisions of EOs 98 & 31, as part of the mandatory requirements in all applications for government permits, licenses, clearances, official papers and documents and Community Tax Certificates (CTCs);
6. The RDO shall monitor compliance by the Local Chief Executives and the respective Treasurers and Chief Accountants of the LGUs with the withholding tax laws, rules and regulations by conducting field verification and notifying these officers in case there are discrepancies detected;
7. The RDO, in coordination with the Taxpayer Assistance Service (Taxpayer Information and Education Division), shall assist all LGUs in the following:
- a. Disseminating tax reminders ;
 - b. Providing BIR resource speakers to tax information conferences/dialogues initiated or hosted by the LGUs through the Union of Local Authorities of the Phil., Inc. (ULAP) or their leagues; and
 - c. Promoting BIR programs and campaigns for the issuance of official receipts/invoices for every purchase made by the taxpayer.
8. The Assessment Service, thru the Asset Valuation Division, shall secure from the LGUs update of the Current/Fair Market Value (FMV) of properties registered with the Assessor's Office of the provinces/cities/municipalities, whenever there is a revision thereto or upon request;
9. The Revenue Accounting Division, BIR, National Office shall require the RDO to submit all requirements relative to the computation of Internal Revenue Allotment (IRA), and which will facilitate the issuance of certificates to the four major leagues of LGUs on:
- a. 40% mining taxes collected per RA 7160;
 - b. Franchise Tax paid by the Manila Jockey Club, Inc. (MJCI) and the Philippine Racing Club, Inc. (PRCI) per RA 6631, as amended by RA No. 8407 and RA No. 6632, as amended by RA 7953, respectively;
 - c. Special privilege tax – 60% of the SPT collection from mini-hydro electric plants under RA 7156;

- d. Annual VAT collection by city/municipality every January 31 of the succeeding year;
- e. 2% of the 5% tax on gross income collected from all businesses/enterprises within the Subic/.Clark/Camp John Hay/Poro Point/Special Economic Zones per RA 7227 every January 31 of the succeeding year;
- f. 15% Excise tax on locally manufactured Virginia -Type cigarette under RA 7171; and
- g. Collection from PEZA-registered enterprises.

The RDO shall ensure that all the above requirements are properly submitted to RAD.

10. The Revenue Accounting Division, BIR, National Office shall receive from the LGUs the requirements relative to the computation and issuance of the following certificates:
 - a. 40% mining taxes collected per RA 7160;
 - b. Franchise Tax paid by the Manila Jockey Club, Inc. (MJCI) and the Philippine Racing Club, Inc. (PRCI) per RA No. 6631 as amended by RA No. 8407 and RA No. 6632, as amended by RA No. 7953, respectively; and
 - c. Special privilege tax (SPT) – 60% of the SPT collection from mini-hydro electric plants under RA 7156.

III. Procedures:

A. The Revenue District Office shall :

1. Receive the following reports from their respective LGUs:
 - a. Annual Alphabetical List of Taxpayers (Individuals/ Corporations) who were issued Provincial/ City/ Municipal/ Barangay Permits to engage in business every March 1 of the following year using the format shown in “Annex A-1”;
 - b. Annual Alphabetical List of professionals/persons who were issued Professional/ Occupational Tax Receipt (PTR/OTR) every January 31 of the following year with the information shown in “Annex A-2”; and
 - c. Quarterly list (with monthly breakdown) of contractors of the respective government contracts entered into by the provinces/cities/municipalities/barangays every 15th day after the end of the calendar quarter with the information shown in “Annex A-3”.

2. Transmit copies of reports mentioned in letters a and b of the preceding paragraph to the concerned RDC, but always retaining copies thereof, and copy of the report in letter c to the Assessment Service, Attention: The Chief, Audit Information, Tax Exemption and Incentives Division, but a copy shall likewise be forwarded to the Assessment Division of the revenue region;

A.1 The Taxpayer Service Section of the RDO shall:

1. Receive reports (Annexes “A-1 and A-2”) either in soft-copies or hard-copies and transmit the same in excel format in diskettes or via e-mail to the concerned Revenue Data Center (RDC) for appropriate action but retain one copy for use by the district or region;
2. Compare contents of the lists as shown in “Annex A-1” and “Annex A-2” with the list of taxpayers in the district registration database (ITS data base, or stand-alone database for non-ITS districts);
3. Consult National Office ITS registration database or TIN-web for those taxpayers not found in the district database;
4. Take action on the list of potential registrants/taxpayers with invalid TINs or unmatched data by requiring the taxpayers to accomplish the appropriate BIR registrations forms (e.g., 1901,1902,1903,1905) in accordance with the existing procedures for registering taxpayers - registering unregistered taxpayers, transferring misplaced registration data of taxpayers to the home RDO (owner-RDO), and/or updating registration data of taxpayers with incorrect and/or incomplete registration information;
5. Prepare and submit the revised TAS Report 009 (Annex “B”) to TSPMD; and
6. Receive reports (Annex A-3) in either soft copies (diskettes) or hard copies and transmit the same (List of Contractors) to the Assessment Service, Attention: Audit Information, Tax Exemption and Incentives Division (AITEID), but forward one copy to the Assessment Division of the region for use by the district and/or region;

A.2 The Collection Section of the RDO shall:

1. Monitor compliance by Local Chief Executives and their respective Treasurers and Chief Accountants with the withholding tax laws, rules and regulations by conducting verification and notifying these officers in case there are discrepancies detected;

2. Transmit to the Assessment Section a listing of taxpayers with discrepancies for purposes of further field verification/records examination and/or of preparing the Notice of Informal Conference; and
3. Coordinate with the LGU in locating unregistered and/or delinquent taxpayers.

A.3 The Assessment Section of the RDO shall:

1. Receive from the Collection Section a listing of LGUs with discrepancies;
2. Review and validate the discrepancy;
- 3.. Request for access to tax records (e.g., taxable transactions, income payments, assessment, collection and remittance records) of all LGUs subject to limitations provided by the Local Government Code ;
4. Issue a conference letter to designated LGU officials;
5. Forward docket of LGU to the Assessment Division of the region for appropriate action.

It is to be emphasized, however, that this Section may initiate verification/examination of LGU's records even without referrals from the other sections of the district.

B The Regional Office shall:

1. Monitor the implementation of the herein subject MOA

B.1 The Assessment Division of the Regional Office shall:

1. Receive copy of "Quarterly List of Contractors" report for safekeeping and use by the regional and district officials and employees;
2. Receive docket of LGU from the district;
3. Review the discrepancy report or proposed assessment of the district;
4. Issue Pre-assessment Notice (PAN) and/or Final Assessment Notice (FAN), if warranted.

All other subsequent events, activities and processes shall follow the prevailing procedures for such events, activities and processes.

B.2 The Taxpayer Assistance Unit of the Regional Office shall:

1. Segregate the taxpayers by RDO for taxpayers contained in the “List of Taxpayers Issued with Permits” and the “List of Professionals/Persons issued with PTR/OTR” submitted, through the concerned RDO, by the LGU that is composed of several RDOs;
2. Transmit the segregated list to the concerned RDO, but retaining a copy thereof.

C. The Revenue Data Center concerned shall:

1. Receive data thru diskettes:
 - a. Receive in magnetic form from the RDO the alphabetical list of taxpayers who were issued provincial/city/municipal/barangay permits and the alphabetical list of professionals/persons who were issued PTR/OTR;
 - b. Check whether the diskettes are good or defective and label the same to indicate status;
 - i. If diskette has virus, remove the virus using anti-virus software;
 - ii. If diskette is defective, return to RDO concerned and require the same to request the LGU for a replacement. The replacement shall be transmitted by the RDO to RDC not later than ten (10) working days from date of return to the LGU.
2. Receive data thru Electronic Data Transmission (EDT) ;
 - a. Receive thru EDT from RDO the alphabetical list of taxpayers who were issued provincial/city/municipal/barangay permits and the alphabetical list of professionals/persons who were issued PTR/OTR;
 - b. Check whether the file is good or defective or if the file format is valid and label the same to indicate status;
 - i. If file is defective or file format is invalid, forward to RDO concerned thru EDT. The RDO shall inform the LGU to re-transmit the corrected data within five (5) days upon receipt.

The RDO should re-transmit the corrected file to RDC upon receipt from the LGU;

- c. Acknowledge receipt of the file thru EDT from the RDO concerned;
3. Copy files into common repository;
4. Convert files into standard file format; and
5. Transmit converted file to ISOS (SOD) electronically.

D. The Information Systems Operations Service (ISOS) thru the Systems Operations Division (SOD) shall:

1. Receive from RDC converted file electronically;
2. Upload the converted files into ITS using NOMIS;
3. Run NOMIS module to:
 - a. Match data with ITS information
 - b. Identify taxpayer with invalid TIN/incorrect registration information
 - c. Identify potential taxpayers;
4. Generate List of Taxpayers with invalid TIN/incorrect registration information, and List of Potential Registrants; and
5. Forward generated Lists to concerned RDO, copy furnished Taxpayer Assistance Service (TAS), Attention: Taxpayer Service Programs and Monitoring Division (TSPMD), every 10th day of the following month.

E. The Assessment Service thru

E. 1. The Asset Valuation Division shall:

1. Monitor submission of an update of the current fair market value (FMV) of property from the Assessors Office of the provinces/cities/municipalities whenever there is a revision or upon request by the Bureau;

Classification of Property (Agri'I-Res'I-Com'I-Ind'I-APD Gen Purpose)	Barangay	Subdivision	Fair Market Value (FMV)

2. Furnish RDOs concerned with the aforesaid list submitted by LGUs.

E.2. The Audit Information, Tax Exemption and Incentives Division shall:

1. Receive from the RDOs the Quarterly List of Contractors (Annex "A-3") submitted by the LGUs;
2. Monitor submission by the RDOs of the list of contractors; and
3. Consolidate relevant financial data from LGUs as transmitted by RDOs and farm out the same to concerned RDOs for appropriate action.

F. The Collection Service thru:

F.1 The Revenue Accounting Division shall:

1. Require the submission of all requirements relative to the computation of Internal Revenue Allotment (IRA) and for the issuance of certificates on:
 - a. Mining Taxes (40% mining taxes collected per RA 7160);
 - b. Value-Added Tax (20% of the 50% increase in collections for the immediate preceding year per RA 7643);
 - c. 2% of the 5% Gross Income earned by all businesses/enterprises within the Subic/Clark/Camp John Hay / Poro Point/ Special Economic Zone per RA 7227;
 - d. Franchise Tax paid by Manila Jockey Club, Inc. (MJCI) and Philippine Racing Club, Inc. (PRCI) per RA No. 6631, as amended by RA No. 8407 and RA No. 6632, as amended by RA 7953, respectively;
 - e. Special Privilege Tax (SPT)– 60% of the SPT collection from mini-hydro electric plants under RA 7156;
 - f. 15% Excise Tax on locally manufactured Virginia - type cigarette under RA 7171; and
 - g. All other taxes under special laws.
2. Compute, facilitate the preparation, and furnish the four major leagues of local government copies of the following Certificates:

- a. Mining Taxes (40% mining taxes collected per RA 7160);
 - b. Value-Added Tax (20% of the 50% increase in collections for the immediate preceding year per RA 7643);
 - c. 2% of the 5% Gross Income earned by all businesses/enterprises within the Subic/Clark/Camp John Hay / Poro Point/ Special Economic Zones per RA 7227;
 - d. Franchise Tax paid by Manila Jockey Club, Inc. (MJCI) and Philippine Racing Club, Inc. (PRCI) per RA No. 6631, as amended by RA No. 8407 and RA No. 6632, as amended by RA 7953, respectively;
 - e. Special Privilege Tax (SPT)– 60% of the SPT collection from mini-hydro electric plants under RA 7156;
 - f. 15% Excise Tax on locally manufactured Virginia - type cigarette under RA 7171; and
 - g. All other taxes under special laws.
3. Provide the DBM and the four major leagues of local governments with an annual internal revenue tax collections which will be the basis of computing the internal revenue allotments of LGUs in accordance with the specific provisions of the Local Government Code ;

G. The Taxpayer Assistance Service thru:

G.1 The Taxpayer Service Programs and Monitoring Division (TSPMD) shall:

1. Receive from the RDOs revised TAS Report 009 (Annex “B”).
2. Monitor action taken by the RDOs to ensure that the identified potential registrants are duly registered or that the identified defects in the registration data are appropriately acted upon;
3. Ensure the inclusion in the design of the prescribed tax returns the requirement of indicating the Community Tax Certificates number, date and amount.

G.2 The Taxpayer Information and Education Division shall:

1. Make available BIR resource speakers to the tax information conferences/dialogues initiated or hosted by LGUs thru the Union of Local Authorities of the Phils., Inc. (ULAP) or their leagues.

IV. Summary of Reports/Annexes

1. Annex A-1 – Annual Alphabetical List of Taxpayers (Individual/ Corporations) who were issued Provincial/ City/ Municipal/ Barangay Permits to engage in business;
2. Annex A-2 – Annual Alphabetical List of Professionals/Persons who were issued Professional/ Occupational Tax Receipt (PTR/OTR);
3. Annex A-3 – Quarterly List of Contractors of the respective government contracts entered into by the provinces/cities/ municipalities/ barangays, with monthly breakdown;
4. Annex “B” – Summary Report of New Registrants (TAS Report 009)

V. Effectivity

This Order shall take effect immediately.

LILIAN B. HEFTI

Deputy Commissioner of Internal Revenue
Officer-In-Charge

Annex A-1

Annual Alphabetical List of Taxpayers (Individuals/Corporations) who were issued Provincial/City/Municipal/Barangay Permits to engage in business

Permit Number	Date Issued (MM/DD/YYYY)	Taxpayer Identification Number (TIN) (branch code)	BIR-registered Name of Taxpayer/Trade Name	Type of Business	Address	Annual Gross Receipts (w/out commas)	Remarks

Annex A-2

Annual Alphabetical List of Professionals/Persons who were issued Professional/Occupational Tax Receipt (PTR/OTR)

PTR/OTR Number	Date Issued (MM/DD/YYYY)	TIN (with branch code)	Name of Taxpayer	Address	Tel./ Fax Number	Remark

Annex A-3

Quarterly List of Contractors of the respective government contracts entered into by the provinces/cities/municipalities/barangays (with monthly breakdown)

TIN (with branch code)	Name of Contractor	Address	Project	Date Awarded (MM/DD/YYYY)	Amount of Contract (w/out commas)	Payment for the month (w/out commas)

January

Contractor 1

Contractor 2

February

Contractor 1

Contractor 2

March

Contractor 1

Contractor 2

Note:

- For fields such as the name, address, remarks and etc., do not use special characters such as asterisk, slash, dash, single and double quotes and percent.
- For amount fields such as Annual Gross Receipts, Amount of Contract and Payment for the month, do not use commas and ₱ sign but retain the decimal point.

MM = Month (2 digits)

DD = Day (2 digits)

YYYY = Year (4 digits)

SUMMARY REPORT OF NEW REGISTRANTS

For the Month of _____, 200__

RR No. _____ RDO No. _____

TAS Report #009

Revised Format
Yr. 2002

Classification by Taxpayer Type (1)	New Registrants					Monthly Total of New Registration (5) = (2)+(3)+(4)	Cumulative New Registrants (Add current & previous months)					Cumulative Total (4)=(1+2+3)	Less: Transferred - out, Cancelled and Ceased Operations (For the Month) (5)	Net Cumulative Total of Registrants (6) = (4-5)				
	Walked- in (2)	Tax Mapped (3)	Arising fr. TPI				Walked- in (1)	Tax Mapped (2)	Arising fr. TPI									
			SEC	BOC	LGU				SEC	BOC	LGU							
Corporate Taxpayer																		
Private (Corp./Partnership)																		
GOCC/GAI																		
Exempt Corp. (Non-stock, non-profit etc.)																		
Gen. Prof. Partnership (GPP)																		
LGUs/NGUs																		
Individual Taxpayer/Estate & Trust																		
Compensation Income Earner																		
Single Proprietorship																		
Professional																		
Estate & Trust																		
Non-resident Citizen & OCW (Purely Foreign Sourced Inc.)																		
Marginal Income Earner																		
One Time Taxpayer (ONETT)																		
Executive Order 98																		
TOTAL																		

I attest to the accuracy of the information contained herein.

Prepared by:

Reviewed by:

Certified by:

Signature over Printed Name_____
Signature over Printed Name_____
Signature over Printed Name
(RDO/ARDO)**Deadline:** On or before the 10th day of the following month._____
Date