

Procedures in Responding to the Deficiency Tax Assessments

A. During the Discussion of Discrepancy

Any findings of discrepancies/disallowances that may lead to deficiency assessments that were discovered during the audit/investigation by the Bureau of Internal Revenue (BIR) shall be sent through a "Notice of Discrepancy" and the same shall be explained to you or your authorized representative during the Discussion of Discrepancy.

If you agree with the audit findings and the corresponding deficiency tax type/s as presented by the Revenue Officer/Group Supervisor handling the audit/investigation of your case per electronic Letter of Authority No. _____, dated _____, you can sign the Agreement Form and pay the deficiency tax type/s, including the applicable penalties and interest.

If you do not agree with the audit findings as presented during the discussion, the tax docket of your case shall be transmitted to the reviewing office in the National Office or Revenue Region for the issuance of deficiency tax assessment, as the case may be, pursuant to Revenue Regulations (RR) No. 12-99, as amended.

B. Upon Receipt of the Deficiency Tax Assessment – Preliminary Assessment Notice (PAN)/Formal Letter of Demand and Final Assessment Notice (FLD/FAN)

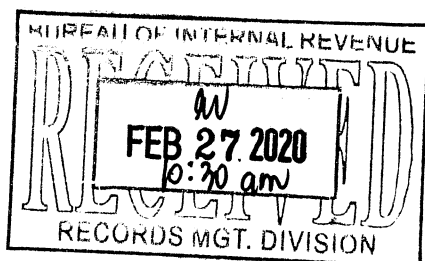
After review and evaluation by the reviewing office, the said Office shall issue a PAN, which should contain the computation of deficiency tax, the facts, the law, rules and regulations or jurisprudence on which the proposed deficiency assessment is based. If you fail to respond to or pay within fifteen (15) days from the date of receipt of the PAN, an FLD and FAN shall be issued calling for payment of the deficiency tax(es), inclusive of the applicable penalties.

The FLD/FAN calling for payment of your deficiency tax liabilities shall likewise state the facts, the law, rules and regulations, or jurisprudence on which the assessment is based, otherwise the assessment shall be considered void. In case you do not agree, you may file an administrative protest within thirty (30) days from receipt of the FLD/FAN.

C. Filing of Administrative Protest

C.1 Filing of Administrative Protest with the Regional Director/Assistant Commissioner or Authorized Higher Revenue Official

The protest on the FLD/FAN must be addressed to Assistant Commissioner/Regional Director or Authorized Higher Revenue Official and filed with the office of the concerned aforementioned Revenue Official (Office that issued the FLD/FAN) for proper recording and evaluation of your protest to



determine if it is filed in accordance with Section 228 of the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations.

Your protest on the deficiency assessment may be a written request for reconsideration or reinvestigation. A request for reconsideration is a plea for the re-evaluation of the deficiency tax assessment *on the basis of existing records* you have already submitted prior to the issuance of the FLD/FAN, whereas a request for reinvestigation is a plea for re-evaluation of your case *on the basis of newly-discovered or additional evidence* that you intend to present in the reinvestigation of your case.

You must state in your written protest the following:

- 1) Date of the assessment notice;
- 2) The nature of the protest, whether reconsideration or reinvestigation. If it is reinvestigation, specify the newly discovered or additional evidence you intend to present, which should be submitted within sixty (60) days from the date of filing of your request for reinvestigation; and
- 3) Applicable law, rules and regulations or jurisprudence on which the protest is based.

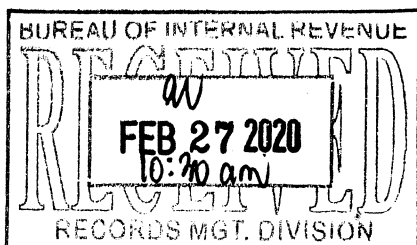
Your protest shall be considered void and without force and effect without the aforementioned information/condition.

In case you fail to file a valid protest against the FLD/FAN within the 30-day period, the deficiency tax assessment shall become final, executory and demandable, and no request for reconsideration or reinvestigation shall be granted after the said period.

The Assistant Commissioner/Regional Director or Authorized Higher Revenue Official shall issue a Final Decision on Disputed Assessment (FDDA) on your protest which shall state the (i) facts, the applicable law, rules and regulations, or jurisprudence on which the decision is based, and (ii) that the same is his final decision. If you do not agree with the decision of the aforementioned Revenue Official as contained in the FDDA, you may file a request for reconsideration with the Office of the Commissioner (CIR) or file a judicial protest with the Court of Tax Appeals within 30 days from receipt of the FDDA.

C.2 Filing of Administrative Protest with the Commissioner of Internal Revenue (CIR)

Only inactions or adverse decisions of the Assistant Commissioner/Regional Director or Authorized Higher Revenue Official shall be filed with the Office of the CIR. The said administrative protest/appeal shall be evaluated and acted upon by the Appellate Division in the National Office.



C.3 Manner of Filing of Administrative Protest

Your protest may be filed in person or sent through registered mail with the Office mentioned in C.1 and/or C.2. In case of the latter, the date of mailing, as shown by the post office stamp on the envelope, shall be considered as the date of filing of protest. For this purpose, the envelope shall form part of the docket of your case.

D. Filing of Appeal with the Court of Tax Appeals (CTA)

If your protest is not acted upon by the Commissioner's authorized representative (i.e., Assistant Commissioner, Regional Director) within one hundred eighty (180) days, you may file an appeal with the CTA within thirty (30) days after the expiration of the said period. The 180- day period shall be reckoned from the date of filing of the protest in case your protest is a request for reconsideration, or from the date of submission of the required documents, which should be within the 60-day period as mentioned in C.1 hereof, in case you filed a protest for reinvestigation. Likewise, if your protest is not acted upon by the CIR within 180 days counted from the date of filing of the protest, you may appeal with the CTA within 30 days after the expiration of the 180-day period.

In case you choose to wait for the final decision of the BIR on the disputed assessment, you must file your appeal with the CTA within 30 days from receipt of the FDDA issued by the Assistant Commissioner/Regional Director or Authorized Higher Revenue Official, or 30 days from receipt of the decision of the CIR. Failure on your part to appeal to the CTA within the said period shall render the decision of the BIR as final, executory and demandable.

By affixing your name and signature below, you acknowledge that the same has been fully explained by the concerned Revenue Officer and a copy of this document has been provided:

(Printed Name, with Position/Designation/Relationship if
Received on Behalf of the Taxpayer Named in the eLA)

Signature of Person
Acknowledging Receipt

Date of Receipt

