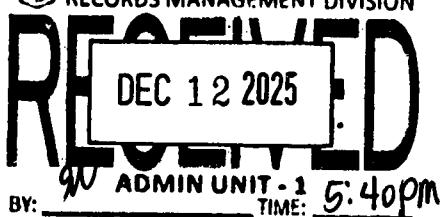




Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION



DEC 12 2025

REVENUE MEMORANDUM CIRCULAR NO. 109 - 2025

SUBJECT : Clarification on the Coverage of Audit Suspension Under Revenue Memorandum Circular No. 107-2025

TO : All Internal Revenue Officials, Employees, and Others Concerned

This Circular clarifies specific provisions of Revenue Memorandum Circular No. 107-2025 dated November 24, 2025 (the RMC), which suspends all audit and other field operations of the Bureau of Internal Revenue (BIR).

Q1: What is the purpose of RMC No. 107-2025?

A1: The RMC orders the suspension of all field audits and related operations of the BIR, such as issuing Letters of Authority (LOAs), Mission Orders (MOs), examinations, and verification of taxpayer records and other related transactions, until the Commissioner of Internal Revenue (CIR) lifts this order.

This suspension aims to address systemic issues, protect taxpayer rights, strengthen audit integrity, and develop a transparent, standardized, and modernized audit framework.

Q2: When does the suspension take effect?

A2: The suspension took effect on November 24, 2025. From that date, all covered field audits, operations, and related activities will be stopped unless the case falls under the exceptions listed in Section IV of the RMC.

Q3: Which taxpayers are affected by this suspension?

A3: All taxpayers with ongoing audits or investigations pursuant to duly issued LOAs or MOs are covered by this suspension. This includes individuals, corporations, estates, and business owners. Therefore, any ongoing or upcoming field and office audit will be suspended, except for cases explicitly covered by the exceptions outlined in Section IV of the RMC.

Q4: What specific audit actions are currently suspended?

A4: The RMC suspends fieldwork such as examining books, verifying records, conducting audit-related onsite visits by revenue officers to taxpayers, and any other steps taken

under an LOA or MO. It aims to suspend field activities involving contact or face-to-face meetings with taxpayers, as well as on-site visits to taxpayers' premises.

Q5: What activities are specifically suspended?

A5: The following activities are suspended:

- a. All ongoing and upcoming field audits and related field operations;
- b. Issuance of LOAs;
- c. Issuance of MOs;
- d. Issuance of Tax Verification Notices (TVNs); and
- e. Issuance of other notices related to the examination and verification of taxpayers' books of accounts, records, and other related transactions.

Q6: Does the suspension cover the issuance of Subpoena Duces Tecum?

A6: Yes, the suspension includes issuing a Subpoena Duces Tecum, which is part of or necessary to carry out an audit or investigation, excluding cases falling under the exceptions of RMC No. 107-2025.

Q7: Does this suspension cover all BIR offices?

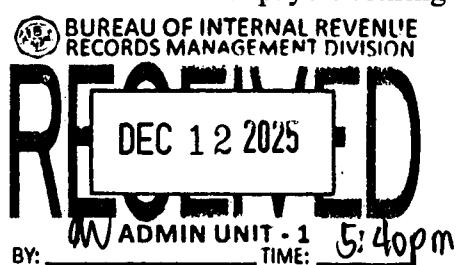
A7: All BIR operating offices that conduct field audits and related activities are included in the suspension, including but not limited to:

- a. Large Taxpayers Service (LTS);
- b. Revenue Regions;
- c. Revenue District Offices (RDOs);
- d. National and Regional Investigation Divisions;
- e. Assessment Divisions;
- f. Large Taxpayers Value-Added Tax (VAT) Audit Units (LTVAU);
- g. VAT Audit Sections;
- h. Office Audit Sections; and
- i. Committees and task forces conducting examinations or verifications of taxpayers' books of account, records, and other related transactions or investigations.

Q8: Are there any cases that are not covered by the suspension?

A8: Yes. Pursuant to Section IV of the RMC, audit of cases, including the issuance of assessment notices, warrants, and seizure notices, shall not be suspended under the following circumstances:

- a. Cases prescribing within six (6) months from November 24, 2025;
- b. Processing and verification of estate tax returns, donor's tax returns, capital gains tax (CGT) returns, and withholding tax returns on the sale of real and personal properties, shares of stocks, together with the documentary stamp tax (DST) returns related thereto (One-Time Transactions [ONETT] cases);
- c. Examination or verification of internal revenue tax liabilities of taxpayers retiring from business;



- d. LOAs/MOs needed for active criminal probes conducted by duly authorized enforcement units through verified intelligence reports, inter-agency referrals, third-party data validation, or risk-scoring anomalies that require immediate audit action where delay would prejudice the government's case (Tax evasion cases);
- e. Claims for refund where the issuance of an LOA is statutorily required; and,
- f. Other matters/concerns where deadlines have been imposed or under the orders of the CIR.

Q9: One of the exceptions to the suspension of audit or investigation is cases that will prescribe **within** six (6) months from the issuance of the RMC. When does the period to assess and collect taxes start to run?

A9: Generally, the BIR has three (3) years to assess a taxpayer's liability after the deadline set by law for filing the return. If a return is filed after this deadline, the three-year period starts from the date the return was filed. However, in cases of a false or fraudulent return intended to evade taxes, or a failure to file a return, the tax may be assessed at any time within ten (10) years after the discovery of the falsity, fraud, or omission.

After an assessment is issued within the prescriptive period, the BIR generally has another three years to collect the tax due through distraint, levy, garnishment, or court action.

When the assessment falls within the ten-year period (such as in cases of falsity, fraud or non-filing), or if the CIR and the taxpayer agree in writing to extend the assessment period, the BIR has five (5) years from the issuance of the assessment notice to collect.

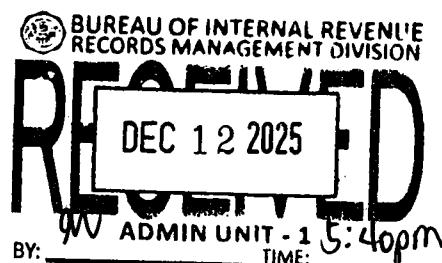
Q10: What actions should be taken if the period to assess a case is prescribing?

A10: Audit and investigation of cases that will expire within six (6) months from the issuance of the RMC will proceed.

Submission of reports of investigation on these prescribing cases shall be made three (3) months prior to prescription date so as to give the Regional Assessment Division ample time for the review and evaluation of said reports and issuance of the corresponding Preliminary Assessment Notice (PAN), FAN, and for the service thereof by the concerned Offices.

Q11: If the scope of the LOA covers different tax types, and one of the tax types is prescribing in the period mentioned above, will the LOA be suspended?

A11: No. Since tax returns for specific tax types have different filing periods, the reckoning date of the 3-year prescriptive period varies by tax type. Specifically, the 3-year prescriptive period for assessment is counted from the later of the statutory deadline for the filing of the return or the actual date the return was filed, for each of the following: monthly or quarterly for withholding taxes; quarterly for VAT or percentage tax; and annual for income tax.



In such cases, the BIR Revenue Officers are authorized to proceed with the audit and, if necessary, issue the corresponding assessment notice to avoid fragmented audits and to protect the government's right to assess.

Q12: Among the exceptions to the suspension of audits or investigations under the RMC are cases where statutory deadlines have been established. (A) Does this include deadlines mandated by law and/or other administrative orders? (B) Is the processing of requests or applications for tax refunds or tax credit certificates (TCC) covered by this exception?

A12: A: The exception provided under Section IV (6) of the RMC only applies to deadlines mandated by law.

B: Yes. Processing requests or applications for tax refunds or TCC where issuance of LOA is mandatorily required, including Income Tax, Excise Tax, and VAT refund/TCC falls under the exception.

Q13: Are ONETT cases subject to the suspension?

A13: No. The suspension does not cover ONETT cases. The processing and verification of estate tax returns, donor's tax returns, CGT returns, and withholding tax returns, documentary stamp returns, and VAT returns related to these transactions will continue. These transactions require immediate processing for property transfers and estate settlements, so they fall under the exceptions in the RMC.

Q14: How should cases or written orders with specific deadlines set by the CIR be managed?

A14: Action on these matters can proceed, subject to the provisions of the RMC. This ensures that actions that are time-sensitive legally or administratively are not delayed.

Q15: Can the BIR still verify the withholding tax on sale of property/ies?

A15: Yes. When real property is sold, the BIR must verify that withholding and other related taxes were properly imposed. These verification processes are exceptions and may continue even during suspension.

Q16: Is the suspension applicable when a taxpayer is retiring or closing their business?

A16: No. The suspension does not apply to taxpayers retiring or closing their business. Requests for tax clearance from taxpayers due to retirement or business closure involving gross sales or receipts exceeding P1,000,000.00 or gross assets exceeding P3,000,000.00 are subject to mandatory audits. The BIR must still review their books of accounts and records to determine any outstanding tax liabilities, and ensure that all tax obligations are settled before a tax clearance can be issued.

Q17: Are criminal tax cases covered under the suspension?

A17: No. The suspension does not apply to criminal tax investigations. The BIR may continue issuing LOAs or MOs for ongoing or new criminal investigations if validated intelligence reports, agency referrals, credible third-party information, or risk indicators support

them. These investigations must not be suspended because they involve potential tax fraud, which the BIR is legally required to pursue without delay.

Q18: Does the suspension apply to taxpayers requesting a tax refund?

A18: No. Claims or applications for refunds are not subject to suspension. They are required to undergo audits, investigations, and verifications. Reports on refund cases must be submitted within the specified number of days, as required by the Tax Code.

Q19: Is tax mapping included in the cases that are subject to suspension?

A19: Yes. The Tax Mapping/Tax Compliance Verification Drive (TCVD) is an enforcement program in which the BIR verifies taxpayer compliance with basic administrative regulations (RMO No. 9-2006). This is categorized under “other related transactions” because it is covered by an MO, and the data collected during this activity may be used for issuing an LOA.

Q20. Will the issuance of Assessment Notices, Warrants, or Seizure Notices continue?

A20: Yes. Assessment Notices may be issued, but only in cases under Section IV of the RMC. However, in all cases—whether under Section IV or not—the issuance of Warrants of Distraint/Levy, Warrants of Garnishment, Seizure Notices, and all other activities related to the collection of delinquent taxes should be initiated and continued, this being a result of a concluded audit or assessments that have become final and executory.

Q21: The RMC states that the issuance and service of Assessment Notices shall still occur. What are those Assessment Notices that can be issued and served despite the suspension?

A21: These include PANs, FLD/FANs, and Final Decision on Disputed Assessment (FDDA) of deficiency taxes falling under the exceptions provided under Section IV of the RMC.

Q22: For all other cases not covered by the exceptions under Section IV of the RMC, what is the impact of the RMC on the Notice of Discrepancy (NOD), PAN, FAN, FLD, or FDDA issued and received by the taxpayer before the suspension period?

A22: For NOD/PAN/FAN/FLDs/FDDAs that were already served to the taxpayer prior to the issuance of the RMC, the taxpayer may proceed with the payment of the known deficiency taxes or may file a reply/protest within the statutory deadline, or may submit the supporting documents in case of a request for reinvestigation.

Q23: Suppose the taxpayer has already agreed to settle and pay the deficiency taxes before the suspension took effect. Can payment still be made after the effectivity of the RMC?

A23: Yes. Payments resulting from settlements or agreements finalized before the suspension may still proceed. The suspension under the RMC affects only field audit activities, not the taxpayer’s voluntary settlement or payment of known deficiency taxes. Since the payment agreement was made prior to the suspension, the taxpayer may continue with the payment without requiring approval. This must be supported by an Agreement Form

(QF-06-01-2024) duly signed by the relevant BIR Officers and the taxpayer or its authorized representative prior to the effectivity of the RMC.

Q24: Should the LOA related to the settled case, under the immediately preceding question, still be included in the inventory of pending or unserved LOAs required by the RMC?

A24: No. If the taxpayer has already agreed to the liability and is just completing payment, the LOA is considered closed for audit purposes and should no longer be listed among the “pending” LOAs in the required inventory. However, if any remaining audit steps were not completed or documented before the suspension, the LOA must still be reported as pending.

Q25: Has the issuance of Collection Letters and/or Seizure Notices, Notices of Levy/Tax Lien, and similar correspondences for enforcing the collection of delinquent accounts, as well as Letters to Third Parties (e.g., Land Registration Authority, Register of Deeds, Local Assessor's Office, etc.) for verifying property holdings of delinquent taxpayers, been suspended by the RMC?

A25: No. The issuance of the mentioned documents, communications, or correspondences for collection purposes or to enforce the collection of delinquent accounts is not part of the audit or examination of the taxpayer's books of accounts and records. Instead, it is part of the collection process for delinquent accounts after the audit has concluded, become final, and is enforceable, and is therefore considered receivable accounts of the BIR.

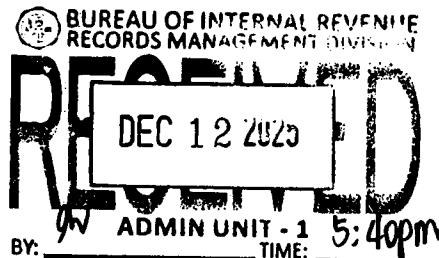
Q26: Is the sending or service of reminder letters to taxpayers with open stop-filer cases, as well as follow-up letters for compliance in submitting the required schedules (e.g., SLS/SLP/SLI, alphalist, inventory list, etc.), suspended by the RMC?

A26: No. The issuance and service of such letters and notices do not involve auditing or examining taxpayers' books of accounts and records. These communications are solely intended to ensure taxpayers' compliance with existing revenue issuances regarding the submission of information returns.

Q27: Can taxpayers still voluntarily settle their deficiency taxes? If yes, how?

A27: Yes. Taxpayers can voluntarily settle their known deficiency taxes even when audits and field operations are suspended. This means they do not have to wait for a Revenue Officer/Official to contact them, nor do they need prior approval from any Revenue Official before making a payment. As long as the taxpayer has accurately calculated the deficiency and adheres to the required filing and payment procedures, the BIR will accept the voluntary settlement during the suspension period.

Payments should be made using the BIR Form No. 0605. For taxpayers enrolled under the Electronic Filing and Payment System (eFPS), they may utilize the said System in filing of the return, and payment of taxes due thereon, while for non-eFPS, they may use the eBIRForm and pay the corresponding taxes manually through the Authorized Agent Banks, or through the applicable electronic payment gateways of the BIR.



Q28: Are concerned BIR offices required to submit inventory reports during the suspension?

A28: Yes. All concerned offices, committees, and task forces must submit an inventory of all pending, unserved, revalidated, expired, or supplementary LOAs and MOs to the Office of the Commissioner within fifteen (15) working days of the effective date of the RMC.

Q29: With the issuance of the RMC, does this suggest that taxpayers no longer have to file or pay taxes?

A29: No. Filing and payment of tax obligations will continue normally. The suspension only affects field operations. Taxpayers still need to file returns, pay taxes owed, and follow regular compliance schedules.

Q30: Will the suspension cause a delay in the business transactions with the BIR?

A30: No. Transactions like filing, payments, registration updates, and certification requests continue as usual. Only field audits and related operations are suspended.

Q31: Does the suspension cover all BIR offices nationwide?

A31: Yes. The suspension applies to all investigating offices of the BIR. The directive is nationwide and uniformly implemented across the entire BIR.

Q32: When will normal audit activities resume?

A32: The suspension will remain in place until the CIR officially issues an order lifting it. No audit activities may resume prior to that.

All internal revenue officials, employees, and concerned units are directed to ensure that this Circular is widely disseminated and made fully accessible to the public and all stakeholders.




CHARLITO MARTIN R. MENDOZA
 Commissioner of Internal Revenue

