



Bringing In Revenues  
for Nation-Building

Republic of the Philippines  
Department of Finance  
**BUREAU OF INTERNAL REVENUE**  
National Office  
Quezon City



JAN 27 2026

**REVENUE MEMORANDUM ORDER NO. 001-2026**

**SUBJECT : PRESCRIBING REVISED POLICIES, CONTROLS, AND PROCEDURES FOR TAX AUDIT AND ASSESSMENT FOLLOWING THE LIFTING OF THE SUSPENSION IMPOSED UNDER REVENUE MEMORANDUM CIRCULAR NO. 107-2025**

**TO : All Internal Revenue Officials/Officers and Others Concerned**

**I. OBJECTIVE**

Pursuant to Revenue Memorandum Circular (RMC) No. 107-2025, tax audit and related field operations of the Bureau of Internal Revenue (BIR) were suspended in view of numerous complaints from taxpayers, stakeholders, and internal units regarding irregularities and inconsistencies in the conduct of tax audits.

Thereafter, a Technical Working Group Review Committee on Assessment Integrity and Audit Reform (TWGRC-AIAR) was created purposely to review existing audit processes, identify weaknesses and strengthen controls and oversight mechanism. Following conduct of such review, the TWGRC-AIAR formulated and recommended for the adoption of new policies, controls and procedural guidelines for the conduct of tax audit.

This Revenue Memorandum Order (RMO), therefore, is hereby issued to prescribe revised policies, controls, and procedural guidelines for audit initiation, conduct, and assessment with the end view of ensuring transparency, preventing misuse or abuse of audit authority, upholding due process, and promoting responsibility and accountability.

**II. SCOPE OF RESUMPTION**

The resumption of tax audit and related field operations shall cover, but shall not be limited to, the following activities:

- a. Issuance of Electronic Letters of Authority (eLAs), Mission Orders (MOs), and Tax Verification Notices (TVNs);

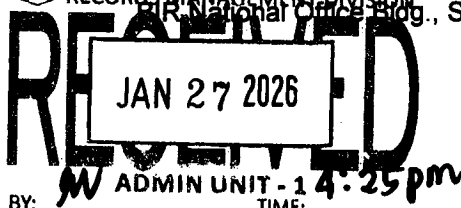


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BY:

ADMIN UNIT - 1

TIME:

- b. Continuation and completion of audit cases previously suspended pursuant to RMC No. 107-2025;
- c. Enforcement, verification, assessment, and collection activities requiring audit or field operations; and
- d. Other audit or enforcement activities necessary to protect revenue or enforce compliance, subject to applicable issuances and the controls set forth in this RMO.

### III. RESPONSIBILITIES

#### A. Mandatory Labels for Taxpayer Verification

Upon effectivity of this RMO, audit and verification instruments may be issued and utilized by the BIR, strictly within their defined scope and limitations, and consistent with existing laws and revenue issuances, particularly RMO No. 6-2023, as amended. The following labels shall be prominently displayed on the audit/verification instruments:

**a. Electronic Letter of Authority**

An eLA shall prominently bear the label:

**“FULL EXAMINATION OF BOOKS OF ACCOUNTS AND OTHER ACCOUNTING RECORDS”**

**b. Mission Order**

An MO shall prominently bear the label:

**“VERIFICATION, SURVEILLANCE, MONITORING, AND INSPECTION ACTIVITIES ONLY – LIMITED AUTHORITY”**

**c. Tax Verification Notice**

A TVN shall prominently bear the label:

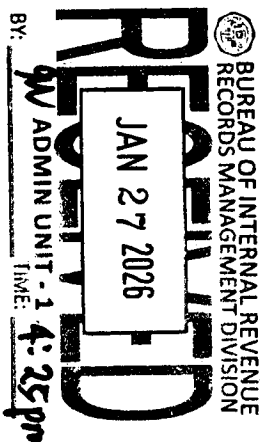
**“VERIFICATION AUTHORITY – LIMITED SCOPE”**

#### B. System Controls and Responsibilities

The Internal Revenue Integrated System – Case Management System – Audit (IRIS-CMS-A) Administrator and the Information Systems Group (ISG), shall ensure that system controls governing the issuance and monitoring of audit authorities generated through IRIS-CMS-A, particularly eLA, are properly configured, maintained, and enforced in accordance with existing laws, rules, and revenue issuances.

For eLAs, the IRIS-CMS-A Administrator shall ensure that the system templates, mandatory fields, and validation controls require the inclusion of the following, at a minimum:

- a. The taxpayer’s name and Taxpayer Identification Number (TIN);
- b. The tax types covered and the corresponding taxable period/s;
- c. The assigned Revenue Officer/s (RO) and Group Supervisor/s (GS);
- d. A mandatory system field requiring the issuing office to indicate the applicable legal basis under the National Internal Revenue Code of 1997, as amended (Tax Code), depending on whether the authority issued pertains to a regular audit or a tax fraud audit; and
- e. The mandatory label prescribed under this RMO, which appears prominently on the face of the eLA and is correctly generated and reflected in IRIS-CMS-A.



For TVNs and MOs, which are governed by their respective issuance procedures under existing revenue issuances, the following controls shall be observed:

- a. The correct instrument type shall be clearly indicated;
- b. Every TVN shall specifically identify the exact transaction, declaration, or claim being verified;
- c. No language implying full audit or assessment authority shall appear in any TVN or MO; and
- d. The applicable mandatory labels and identifiers corresponding to each instrument shall be properly reflected in the issued document.

The responsibility of the ISG under this Section shall be the configuration, maintenance, and integrity of system templates, mandatory fields, and validation controls in IRIS-CMS-A, without prejudice to the accountability of concerned offices and ROs for the accuracy, completeness, legality, and propriety of information encoded and authorities issued using such system.

#### **IV. SINGLE-INSTANCE AUDIT FRAMEWORK**

The **Single-Instance Audit Framework** is the BIR's new policy approach under which a taxpayer shall, as a general rule, be subject to only **one eLA for a given taxable year**, covering all applicable internal revenue tax types, **including Value-Added Tax (VAT)**. The framework is intended to prevent overlapping or fragmented audits, provide clear and consistent audit authority, and promote fairness, transparency, and accountability in the conduct of tax audits. The issuance of multiple or overlapping eLAs covering the same taxpayer and taxable year is prohibited.

As an exception, however, in fraud cases, one eLA may cover several years in order to (i) determine or trace continuing transactions entered into the covered year and concluding thereafter, or those transactions concluded in the covered year that were commenced in prior years, or (ii) to establish that the same fraudulent scheme was utilized for prior or subsequent years (RMO No. 24-2008,<sup>1</sup> as amended by RMO No. 27-2010<sup>2</sup>).

##### **A. Scope and Application of Single-Instance Audit Framework**

- a. New audits initiated through the issuance of an eLA starting from the effectivity of this RMO.
- b. Audits resumed from suspension pursuant to RMC No. 107-2025, which are automatically consolidated into a single eLA for the same taxpayer and taxable year, in accordance with Section V hereof.
- c. Re-issued eLAs issued solely for the purpose of maintaining continuity of audit authority.

##### **B. Exceptions to the Single-Instance Audit Framework**

As an exception, a separate audit or verification authority may be issued for cases that are transactional, event-based, or terminal in nature, including but not limited to:

- a. One-Time Transactions (ONETT);
- b. Requests/Applications for tax clearance;

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<sup>1</sup>Policies and Guidelines for RATE Cases

<sup>2</sup> Re-invigorating the Run After Tax Evaders (RATE) Program and Amending Certain Portions of RMO No. 24-2008.

- c. Applications for cancellation of business registration, subject to the threshold amount under RMO No. 6-2023, as amended; and
- d. Cases with fraud and irregularity mentioned in RMO No. 24-2008, as amended by RMO No. 27-2010

In no case shall these exceptions be used to fragment, bypass, or circumvent the regular audit of books of accounts and other accounting records for recurring internal revenue taxes.

Where findings arising from verification activities conducted under an MO or a TVN indicate the need for a broader examination of tax liabilities, such examination shall be subject to the issuance of a separate eLA.

### **C. Findings of Fraud**

Where, in the course of audit, verification, consolidation, or review under the Single-Instance Audit Framework, findings of fraud are established or reasonably indicated, all records, documents, and working papers relating to the affected eLAs shall be referred to the appropriate investigating office for further action.

For this purpose:

- a. Cases falling within regional jurisdiction shall be referred to the concerned Revenue Region's **Regional Investigation Division (RID)**.
- b. Cases falling within national jurisdiction, or those otherwise requiring national-level investigation, shall be referred to the **National Investigation Division (NID)**.

Upon referral, the **handling office shall cease further audit action** on the affected eLAs, without prejudice to the issuance of a new eLA by the RID or NID, as may be appropriate, which may cover multiple taxable years, pursuant to RMO No. 24-2008, as amended by RMO No. 27-2010.

## **V. CONSOLIDATION OF PENDING eLAs**

In light of the ongoing organizational restructuring, functional realignment, and reassignment of ROs and audit teams, and to support the full implementation of the Single-Instance Audit Framework, the consolidation of pending eLAs involving the same taxpayer and taxable year shall be carried out in accordance with this Section. When necessary, a Replacement eLA shall be issued to reflect the consolidated audit authority.

### **A. Automatic Consolidation Beginning March 4, 2026**

Beginning **March 4, 2026**, all pending eLAs with ongoing investigation covering the same taxpayer and taxable year shall be automatically consolidated into one (1) eLA, without any action required from the taxpayer, **except where a request for non-consolidation** is allowed and filed in accordance with Section V(B) hereof.

For this purpose:

- a. A consolidated replacement eLA shall be issued to cover all applicable internal revenue tax types for the taxable year concerned and shall be mandatorily conducted by the Revenue District Office (RDO) or Office Audit Section (OAS) of the

Assessment Divisions for Regional cases and Large Taxpayers (LT) Audit Divisions for Large Taxpayers Service (LTS) cases.

The OAS current threshold specified under existing issuances shall be maintained unless revised or amended *via* separate revenue issuance.

- b. All eLAs subsumed in the consolidated eLA shall be deemed cancelled upon issuance of the replacement eLA.
- c. The replacement eLA shall constitute the sole and continuing audit authority for the taxable year concerned.
- d. The replacement eLA should bear a statement that it is issued in lieu of the cancelled eLAs, as aforementioned.

However, even prior to the automatic consolidation on **March 4, 2026**, nothing in this RMO shall preclude the taxpayer from voluntarily settling assessed or admitted tax deficiencies through the modes allowed under existing issuances.

#### **B. Request for Non-Consolidation of VAT Audit Cases**

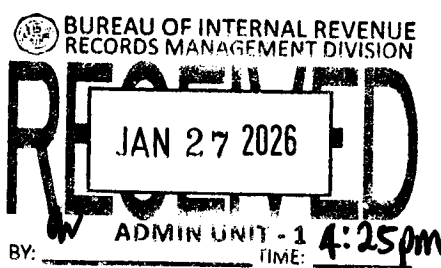
A taxpayer with multiple pending eLAs covering the same taxable year may file a **written Request for Non-Consolidation**, allowing such eLAs to proceed separately. The option not to consolidate shall be upheld and respected by the BIR. The following procedures, however, shall be followed and observed:

- a. The taxpayer may file the written request with the RDO/OAS/LT Audit Divisions handling the eLA that covers all internal revenue tax types, except VAT, for the taxable year concerned, which shall be referred to as the “Receiving Office” and shall, within one (1) day endorse such request to all other BIR offices handling the taxpayer’s other pending eLAs for the same taxable year **for their information**, copy furnished the Regional Director, for regional cases and the Assistant Commissioner (ACIR), LTS, for LTS cases.
- b. The request for non-consolidation must indicate the name of Investigating Office (e.g., VATAS/LTVAU), eLA Serial Number/Audit Case Number, date of issuance, tax type and taxable period covered by eLA. It must be filed **not later than February 16, 2026**. Requests filed after this date shall not be acted upon.

Where the request for non-consolidation is received, the affected eLAs shall be allowed to proceed independently, and the RO/s shall continue their respective audit actions **until April 30, 2026**. After such date, however, or **beginning May 4, 2026**, all pending eLAs, regardless of stage, **shall be automatically consolidated beginning May 4, 2026**, and shall thereafter no longer be allowed to proceed separately, in accordance with this RMO.

But even prior to the automatic consolidation on **May 4, 2026**, nothing in this RMO shall preclude the taxpayer from voluntarily settling assessed or admitted tax deficiencies through the modes allowed under existing issuances.

The thrust of the BIR under this RMO is to institutionalize the Single-Instance Audit Framework as the standard approach in the conduct of tax audits. The measures set forth in this RMO are intended to support its full and permanent implementation under the Audit Program for 2026.



### **C. Effect of Consolidation**

For purposes of this Section, consolidation shall mean:

- a. The issuance of a single Replacement eLA covering all applicable internal revenue tax types for a given taxable year; and
- b. The cancellation of all other eLAs covering the same taxable year that are subsumed under the consolidated eLA.

As a general rule, the Replacement eLA shall be issued by the RDO/OAS/LT Audit Office and shall cover all internal revenue tax types. All other eLAs covering the same taxable year shall be consolidated into such subsisting eLA.

If there is no subsisting eLA open in the the RDO/OAS/LT Audit Office, the Regional Director/ACIR-LTS shall issue the Replacement eLA to the RDO/LT Audit Office where the taxpayer is registered for the continuance of audit.

### **D. Assignment of ROs**

Any reassignment made by the Heads of Investigating Offices in connection with consolidation shall be deemed an administrative adjustment to maintain continuity of audit work and shall not be construed as the issuance of a new audit authority.

### **E. Findings of Fraud**

Where, in the course of consolidation or review of pending eLAs, findings of fraud are established or reasonably indicated, all records, documents, and working papers relating to the affected eLAs shall be referred to the appropriate investigating office for further action.

For this purpose:

- a. Cases within regional jurisdiction shall be referred to the concerned Revenue Region's RID.
- b. Cases falling within national jurisdiction, or those otherwise requiring national-level investigation, shall be referred to the NID.

Upon referral, the handling office/s **shall cease further audit action** on the affected eLAs, without prejudice to the issuance of a new eLA by the RID or NID, in accordance with existing laws and issuances.

## **VI. ISSUANCE OF NEW ELECTRONIC LETTERS OF AUTHORITY**

### **A. System-Assisted Audit Selection**

To ensure objectivity and integrity in the initiation of audits, the issuance of new eLAs shall be governed by system-assisted taxpayer selection, based on defined criteria and subject to centralized approval.

As a matter of policy, **all taxpayers are generally considered potential taxpayers for audit and assessment** under existing laws and issuances. However, the initiation of audits shall be limited to taxpayers selected through the system-assisted process prescribed in this Section, in accordance with approved criteria and safeguards.

## B. Criteria in Audit Selection

Taxpayer selection for audit shall be based primarily on the selected criteria, which refer to objective, system-defined risk parameters approved for audit selection. The criteria are attached as **Annex "A"** of this RMO.

A more comprehensive procedure for taxpayer selection, case assignment, and eLA issuance shall be implemented **on or before April 16, 2026**.

## C. System-Assisted Generation of Audit Lists

All lists of taxpayers proposed for the issuance of new eLAs shall be automatically generated through BIR information systems, based on the approved audit selection criteria.

**The system-generated audit list shall be submitted to the Commissioner of Internal Revenue (CIR) for approval.** Only taxpayers included in the approved audit list may be issued new eLAs.

However, where taxpayer recommendations are made by a RDO, OAS, RID, NID, LTS Offices, or other authorized offices, **such written recommendations/ justification shall be endorsed** by the appropriate approving authority, namely: the Regional Director for regional offices, the ACIR-LTS for LTS offices, the ACIR for Enforcement and Advocacy Service (ACIR-EAS), or the Deputy Commissioner for Legal Group (DCIR-LG), as applicable.

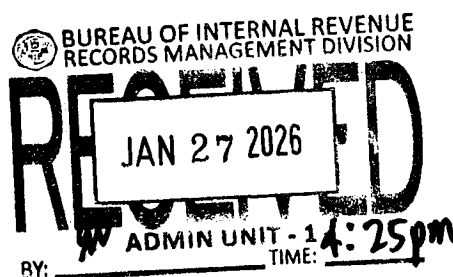
All endorsed recommendations shall be incorporated into the system-assisted process, subject to validation against the approved audit selection criteria and subject to approval by the CIR.

## D. Anonymized Selection and Assignment Process

Pending full automation, the BIR shall implement an **Anonymized Selection and Assignment Process** to reduce discretion-related risks and strengthen transparency in audit initiation. This process ensures that taxpayer identity remains concealed during initial assignment, thereby separating taxpayer selection from RO designation.

The following procedures shall govern the anonymized selection and assignment process:

- a. **Central Generation, Approval and Dissemination of Taxpayer Lists:** The ISG shall generate anonymized lists of taxpayers based on the approved criteria, subject to the approval of the CIR. Each taxpayer shall be represented solely by a system-generated identifier, without disclosure of the taxpayer's name, TIN, or registration details. The list of taxpayers duly approved by the CIR shall be disseminated by the same directly to the respective Regional Director/ACIR-LTS.
- b. **Assignment of ROs:** The Regional Director/ACIR-LTS shall furnish the anonymized list of taxpayers to the respective Heads of Investigating Offices. Accordingly, the latter shall assign the case strictly based on the following:
  - i. Workload balancing
  - ii. Applicable rotation rules



All assignments shall be documented and approved by the Regional Director or the ACIR-LTS, as applicable.

- c. **Return and De-Anonymization:** Assigned anonymized case lists shall be returned to the ISG for de-anonymization. The de-anonymized list shall thereafter be forwarded to the appropriate Office for encoding into IRIS-CMS-A.
- d. **Documentation and Monitoring:** All assignments shall be fully documented and monitored for compliance with workload distribution, rotation rules, and anonymization requirements. Supervising officials shall certify adherence to anonymization procedures and ensure the availability of complete documentation for audit trail purposes. **Monthly compliance reports shall be submitted to the Office of the ACIR for Assessment Service.**

#### **E. Compliance Instructions**

To ensure strict observance of the anonymized process:

- a. Revenue District Officers and involved Division Chiefs shall ensure that no RO and GS are informed of taxpayer identity prior to confirmation of assignment.
- b. Any deviation from anonymization procedures shall require written justification and prior approval by the CIR, as endorsed by the concerned Regional Director or ACIR-LTS.
- c. The ISG shall maintain a secure record of all de-anonymization events and ensure accurate and timely encoding in IRIS-CMS-A.

#### **F. Issuance of eLA**

An eLA shall be issued only after completion of the system-assisted taxpayer selection, centralized approval, and anonymized assignment processes.

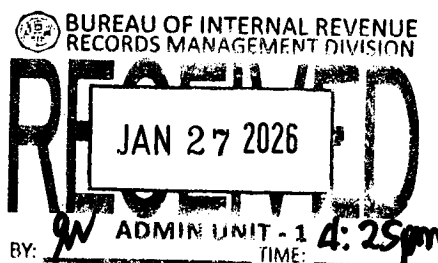
Upon completion of these steps, the handling office shall proceed with the regular encoding of the approved audit authority in IRIS-CMS-A for the generation and issuance of the eLA.

All eLAs issued under this Section shall:

- a. Comply with the Single-Instance Audit Framework;
- b. Be properly encoded and reflected in the appropriate BIR systems, including the IRIS-CMS-A; and
- c. Clearly reflect the approved taxpayer name, TIN, taxable year/s, tax types covered and assigned ROs and GS.

### **VII. TRANSFER OF TASK FORCE AUDITS AND ASSESSMENT**

To rationalize audit authority and align task force cases with the Single-Instance Audit Framework, all audits and assessments initiated by task forces shall be transferred and resolved in accordance with this Section.





Accordingly, all existing task forces that were created primarily for the conduct of audit and assessment functions **are hereby deemed concluded**, and their audit and assessment functions shall be absorbed by the appropriate regular offices of the Bureau, subject to the procedures and controls provided in this RMO and other applicable issuances.

An accomplishment report shall be submitted by the head of the concerned task force to CIR, detailing the status of all cases, actions taken, and the offices to which such cases have been transferred.

#### **A. Accomplishment and Case Inventory Report**

An Accomplishment and Case Inventory Report shall be submitted by the Head of the concerned Task Force to the CIR, summarizing the disposition and status of all cases handled by the task force and recommending the appropriate regular office for further action.

For RAFT Task Force cases, the Report shall be copy furnished to the DCIR-LG. For other task force cases, the Report shall be copy furnished to the DCIR-Operations Group, or, in the case of LT, to the ACIR-LTS, as applicable.

The Report shall be summary and inventory-based and shall not include working papers, audit papers, or detailed records, which shall be transferred only to the receiving office during formal case turnover, as provided below.

At a minimum, the Accomplishment and Case Inventory Report shall indicate, for each case:

- a. Taxpayer name and TIN;
- b. Taxable year(s) covered;
- c. Nature of the case;
- d. Status of the case (ongoing, with findings, pending review, completed, closed);
- e. Date of issuance of the LOA/eLA, if any, and whether the case is prescribed or nearing prescription;
- f. Amount of tax assessed, if any, and payments made or outstanding, if applicable;
- g. Whether indicators of fraud or serious irregularity are present; and
- h. The recommended regular office for turnover or closure, with brief justification.

#### **B. Run After Fake Transactions (RAFT) Task Force**

All existing LOAs issued under RAFT Task Force are hereby cancelled for purposes of transition and replacement only, to allow for the issuance of new eLAs by the appropriate regular offices, in accordance with existing laws and issuances.

All RAFT cases, including all notices, letters, records, working papers, audit notes, electronic files, and other related materials, shall be immediately turned over to the NID for appropriate action. The complete turnover of records shall be effected through the Office of the DCIR-LG, within five (5) working days from the submission of the Consolidated Accomplishment Report.

Proof of turnover shall likewise be submitted through the prescribed official channels.

Upon completion of the turnover, the RAFT Task Force and its members shall undertake no further audit, assessment, verification, or enforcement action on the transferred cases.

Where further audit or investigation is warranted, existing eLAs shall be cancelled and new eLAs shall be issued to designated NID ROs and GS, in accordance with existing laws and issuances and consistent with the Single-Instance Audit Framework.

Where prior eLAs have already been closed and further audit or investigation is not warranted, the NID may recommend the closure or termination of the case to the CIR, through the appropriate Group.

### **C. Other Task Forces**

Task Force cases not covered under the RAFT Task Force shall be transmitted to the Revenue Region, RDO, or the LT Audit Office where the taxpayer is registered, for evaluation and appropriate action.

Where there are indicators of fraud or irregularity, mentioned in RMO No. 24-2008, as amended by RMO No. 27-2010, the cases shall be endorsed to the RID or the NID, as appropriate, for possible issuance or re-issuance of an eLA.

In non-fraud cases where the taxpayer is already covered by an existing and open eLA issued by the RDO or the Office of the ACIR concerned, audit actions shall be consolidated, consistent with the Single-Instance Audit Framework and the consolidation rules provided under this RMO, and subject to re-issuance when required under applicable rules.

Where prior eLAs have already been closed and further audit or investigation is not warranted, the Revenue Region, RDO, or LT Audit Office may recommend the closure or termination of the case to the CIR, through the appropriate Group.

## **VIII. TRANSITION OF VAT AUDIT SECTIONS (VATAS) AND LARGE TAXPAYERS VAT AUDIT UNITS (LTVAU)**

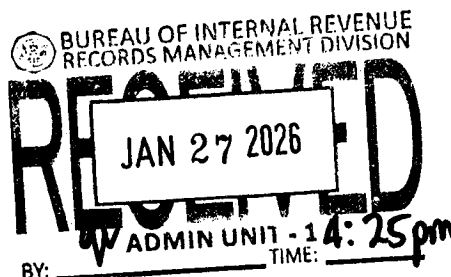
To ensure alignment with the Single-Instance Audit Framework and to facilitate an orderly transition to the Audit Program for 2026, the VATAS and the LTVAU, which **shall wind up operations until May 15, 2026**, shall observe the following policies during the winding-up period.

### **A. General Transition Measures**

To ensure alignment with the Single-Instance Audit Framework and this RMO, VATAS and LTVAU shall cooperate in the consolidation and transfer of pending audit cases covering the same taxpayer and taxable year.

VATAS and LTVAU shall:

- a. Transmit all documents, records, working papers, and audit dockets relating to cases subject to consolidation or transfer to the designated handling office; and
- b. Review, organize, and prepare all ongoing audits and assessments for transfer to the appropriate regular offices of the BIR **on or before April 30, 2026**.



## **B. Orderly Wind-Up of Audit Activities**

VATAS and LTVAU shall commence the orderly winding up of audit and assessment activities immediately.

Accordingly:

- a. No new audit actions shall be initiated, except those strictly necessary to complete, consolidate, or properly transition existing cases.
- b. All actions taken shall be limited to activities consistent with this RMO and subsequent issuances.

## **IX. AUDIT AND ASSESSMENT PROPER**

The conduct of audits and the issuance of assessments shall strictly observe due process, audit safeguards, and proper documentation, consistent with this RMO and applicable issuances. All audit activities shall be undertaken in a manner that is fair, transparent, and supported by complete and verifiable records.

### **A. Mandatory Use of Standardized Audit Checklist**

All ROs authorized to conduct audits shall be required to use a standardized checklist of documents.

The standardized checklist, which is attached as **Annex "B"** of this RMO, shall serve as the uniform reference for identifying, requesting, receiving, and evaluating documents necessary for audit, verification, or other authorized compliance activities. The checklist shall be applied consistently across all offices and audit cases.

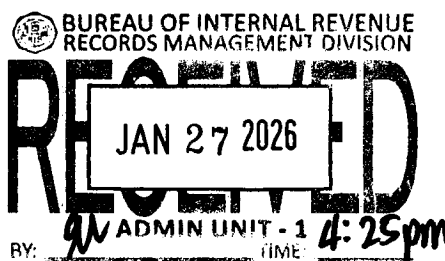
Additional documents may be requested only when they are directly relevant to the specific issues identified in the audit, reasonably necessary for proper evaluation, and within the authorized scope of the audit, and such requests shall be clearly explained and properly documented in the records.

Certain industries or sectors may require additional or specialized documents due to the nature of their operations. For this purpose, industry-specific or sector-specific checklists shall be issued and shall be strictly followed and observed by the concerned ROs. Pending the issuance of such industry-specific checklists, ROs shall continue to use **Annex "B"** as the controlling reference.

The mandatory use of the standardized checklist is intended to:

- a. Minimize unnecessary or repetitive document requests;
- b. Reduce discretionary or inconsistent documentary requirements;
- c. Strengthen due process by clearly informing taxpayers of required submissions; and
- d. Improve traceability, audit review, and post-evaluation of audit actions.

No audit shall be considered procedurally complete unless the prescribed checklist has been duly accomplished reviewed and approved by the supervising official.



## **B. Proper Documentation of Audit Events and Taxpayer Interactions**

Minutes of meetings or discussions shall be prepared for the Discussion on Discrepancy conducted after the issuance of the Notice of Discrepancy (NOD). Such minutes shall be duly signed by the taxpayer or authorized representative and the RO, with any refusal to sign clearly noted.

All other meetings or discussions with the taxpayer shall be coursed through official communication channels of the ROs or GS, such as their official email address or official office contact numbers.

## **C. Guidelines on the Preparation of Assessments**

ROs shall not issue unreasonable assessments. In the conduct of assessments, there shall be strict observance of the assessment process prescribed under Revenue Regulations (RR) No. 12-99, as amended, and other applicable rules.

In particular, the pre-assessment stage, which consists of the issuance of an NOD under RR No. 22-2020, shall clearly and specifically set out the details of the discrepancies in order to ensure that the taxpayer is sufficiently informed and is given a reasonable opportunity to explain, submit supporting documents, and contest the findings during the Discussion of Discrepancy. The NOD shall **clearly state that it is not yet an assessment**, but *merely reflects discrepancies* initially noted by the handling of RO/s.

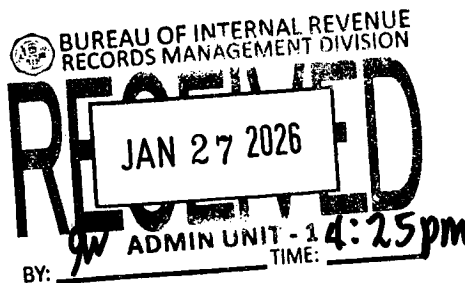
Any subsequent assessment notices shall be anchored only on issues that remain unresolved after the discrepancy discussion and shall clearly state the factual and legal bases of the assessment, including the applicable law, jurisprudence, and relevant BIR issuances, consistent with the due process requirements under Section 228 of the Tax Code.

## **D. Examination of Voluminous Records**

Examination and inspection of books of accounts and other accounting records shall be conducted in the taxpayer's office or registered place of business, or in the appropriate BIR office, as provided under Section 235(e) of the Tax Code. However, where the records required for audit are voluminous in nature, such that transporting, handling or reviewing them at the BIR Office would be impractical, burdensome, or disruptive to the normal business operations, the taxpayer shall be given reasonable options on the manner and venue of examination, subject to the authorized scope of the audit.

For this purpose:

- a. The taxpayer may opt to physically submit the records to the BIR office conducting the audit; or
- b. The taxpayer may opt to have the examination of records conducted at the principal place of business of the taxpayer, subject to prior coordination with the handling RO. In choosing this option, the taxpayer shall provide a suitable area within the premises that is reasonably appropriate for the orderly examination of records, without causing undue disruption to business operations.



Where records are physically submitted to the BIR, the taxpayer may submit photocopies, provided that such copies are certified by the taxpayer or its authorized representative as true and faithful reproductions of the original documents. The BIR may require the presentation of original documents for verification purposes where photocopies are only submitted sans certification that they are true and faithful reproduction of the original and such verification shall be confined within the authorized scope of the audit.

#### **E. Observance of Due Process and Audit Safeguards**

ROs shall strictly observe due process and audit safeguards at all stages of audit and assessment.

In particular:

- a. Audit notices and communications shall be properly and timely served.
- b. The scope of the audit and the documents required shall be clearly identified and communicated to the taxpayer.
- c. Taxpayers shall be given a reasonable opportunity to submit documents and explanations.
- d. All meetings, conferences, submissions, and audit actions shall be properly conducted and documented.

Audit activities shall be confined strictly to the scope authorized under the issued audit instrument. ROs **shall not**:

- a. Request documents not relevant to the authorized scope of audit.
- b. Conduct verification or examination beyond the taxable year or tax types covered.
- c. Use audit or verification activities to exert undue pressure on taxpayers.

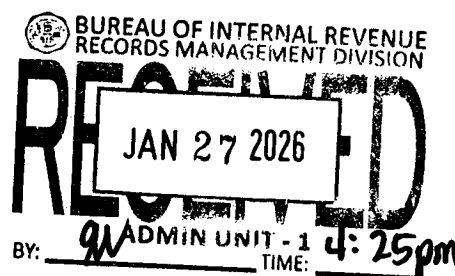
No assessment shall be issued unless the taxpayer has been afforded the opportunity to be heard, and supervising officials shall ensure that audit actions remain within authorized bounds and are supported by documented justifications.

#### **X. SANCTIONS**

ROs are hereby reminded to strictly comply with all due process requirements and audit guidelines in the conduct of audits and assessments, as clearly prescribed under existing laws, BIR rules and regulations, and other applicable issuances.

Accountability for violations of audit rules, procedures, and safeguards shall apply in accordance with applicable laws, rules, and revenue issuances. A BIR official or employee who violates, circumvents, or fails to comply with the provisions of this RMO shall be subject to the appropriate administrative, civil, and criminal liabilities, without prejudice to the filing of other actions warranted under existing laws.

Reports of alleged violations of this RMO, including unauthorized audit activities, non-observance of prescribed safeguards, or abuse of authority, or other violations may be submitted through contact us-LOA@bir.gov.ph.



## XI. REPEALING CLAUSE

All revenue issuances or portions thereof which are inconsistent herewith are hereby repealed, modified, or amended accordingly.

## XII. EFFECTIVITY

This RMO shall take effect immediately.



  
**CHARLITO MARTIN R. MENDOZA**  
Commissioner of Internal Revenue

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