

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

September 18, 2003

REVENUE MEMORANDUM ORDER NO. 31-2003

SUBJECT : Prescribing the Guidelines and Procedures for the Implementation of the Modified Tax Compliance Verification Drive (MTCVD)

TO : All Internal Revenue Officers, Employees and Others Concerned

I. Background

The Bureau of Internal Revenue has been conducting Tax Compliance Verification Drive (TCVD) in line with its campaign to expand the tax base, enhance tax compliance and to effectively implement Revenue Memorandum Order (RMO) No. 54-2000, RMO No. 56-2000, Revenue Regulations (RR) No. 4-2000, RMO No. 10-99 and RMO No. 29-2002.

Many of the establishments visited were found to have violated one or more BIR requirements most frequent of which are those in the areas of business registration, invoicing & bookkeeping. The Collection of the penalties for the violations is likewise encountering problems. This, coupled with the observation of some business establishments that BIR requirements for the conduct of business are not properly disseminated calls for a revision in the conduct of TCVDs.

II. Main Features of the Modified TCVD

A Modified TCVD calls for an Information Drive prior to the conduct of the TCVD itself so that businesses can be in compliance and avoid being caught in violation of BIR business rules and regulations.

Revenue Regions and District Offices shall identify civic and cause oriented groups in their respective areas willing to assist BIR undertake Phase I of the MTCVD or the Tax Information and Compliance Phase. A reminder letter described in III-1 below shall be distributed during this Phase and shall be the main material for the tax information drive. This Phase must be undertaken ideally two weeks prior to the Verification and Enforcement Phase of the MTCVD (equivalent to the existing TCVD) to provide ample time for the business establishment to comply with the provisions listed in the Reminder Letter.

III. Guidelines and Procedures

1. A “Reminder Letter to All Business Establishments” (Annex “A”) is hereby prescribed, which reminder letter contains the following:
 - 1.1 Capsulized enumeration of what every taxpayer/business establishment needs to do;
 - 1.2 A short-list of the BIR requirements prior to, during, and after the operation of a business (closure of business);
 - 1.3 Commonly-filed BIR Forms and the deadlines for their filing and payment of corresponding taxes due thereon.
 - 1.4 An advance warning that a BIR Team will make a visit in two weeks time to check on the compliance.
2. The concerned RDO shall make a visitation of the business establishment at any time within two (2) weeks after the receipt by the latter of the Reminder Letter. However, if for valid reasons the success of the program would be restricted, e.g., disproportionate number of taxpayers against work force for verification drives, logistics and other constraints, the RDO upon approval of the Regional Director may schedule visitation beyond the two-week period. The actual date of visitation shall remain undisclosed to the taxpayer so as not to defeat the purpose of the visitation.
3. The BIR Requirements at the back of the Reminder to all Business Establishment Handout must be posted in conspicuous place at the business establishment and be readily made available to all employees involved in sales transactions like cashiers and store managers and those accountable with the preparation of tax returns/payments and with compliance to other BIR requirements.
4. To prevent abuse of the TCVD/MTCVD either by BIR officials or impostors, the following control measures must be strictly observed:
 - 4.1 TCVD/MTCVD and any follow through operations thereto must only be undertaken on TCVD/MTCVD dates scheduled by the Regional Director;
 - 4.2 Participating BIR officials must always be in uniform preferably RED shirt with collar clearly marked BIR Tax Mapper in yellow;
 - 4.3 TCVD/MTCVDs must always be undertaken with large numbers of BIR officials, i.e., no operations must be undertaken involving less than 20 officers at any one time;
 - 4.4 Rectifications of violations discovered during TCVD/MTCVD and all payments must be done at the Headquarters of the host RDO;

4.5 It is absolutely prohibited to accept payment for registration or for penalties/surcharges outside the Revenue District Office and by non-Collection personnel;

4.6 Before the conduct of a TCVD/MTCVD, the Regional Director must issue a Regional RSO listing the names of participating officers, the area covered and the date/time of operation. Only officers in the list, areas covered, and date/time indicated shall be allowed

5. The Regional Director/Revenue District Officer shall submit a monthly report to the Commissioner the results of the modified TCVD following the prescribed format in RMO 54-2000.

V. Effectivity

This Order shall take effect immediately.

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue