

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

July 18, 2003

REVENUE MEMORANDUM CIRCULAR NO. 43-2003

SUBJECT : Amending Certain Provisions of Revenue Memorandum Circular (RMC) No. 13-2003 Regarding the Issuance of Letters of Authority (LA)/Audit Notices (AN)/Tax Verification Notices (TVN) Covering the Audit/Verification of Taxpayers' Tax Returns/Tax Liabilities and Providing for Clarificatory Guidelines on the Submission of Reports of Investigation and Status Reports of Pending Cases as well as on the Handling of Cases Issued under RMC 13-2003

TO : All Revenue Officials, Revenue Officers and Others Concerned

Certain provisions of and guidelines set forth in RMC 13-2003 relative to the issuance of Letters of Authority (LA)/Audit Notices (AN) or Tax Verification Notices (TVN) covering the audit/verification of tax returns/tax liabilities as provided for under paragraphs III.1.a, III.1.b and III.2 thereof are amended as discussed hereunder. Moreover, guidelines on the submission of reports of investigation and status reports of pending cases as well as on the handling of cases issued under RMC 13-2003 are clarified for easy compliance.

I. Amendment to Certain Provisions of RMC 13-2003.

A.) Paragraph III.1.a is hereby revised as follows:

a. Claims for income tax refund or issuance of tax credit certificate or in cases of income tax returns showing carry-over of excess withholding tax or quarterly income tax payments of corporate taxpayers, irrespective of amount, and claims for income tax refund or issuance of tax credit certificate or in cases of income tax returns showing carry-over of excess withholding tax or quarterly income tax payments of individuals exceeding One Hundred Thousand Pesos (₱ 100,000.00), which will require the audit/investigation of taxpayer's income, including withholding tax liabilities, for the covered period;

B.) Paragraph III.1.b is hereby revised as follows:

b. Claims for VAT refund or issuance of tax credit certificate or in cases of VAT returns showing excess input tax at the end of the taxable period exceeding One Hundred Thousand Pesos (₱ 100,000.00), which will require the specific audit/investigation of the VAT liabilities only for the covered period;

C.) Paragraph III.2 is hereby amended as follows:

Letters of Authority/Audit Notices for the above exceptions shall be issued by the Regional Director unless otherwise directed by the Commissioner. It is reiterated however, that, TVNs shall continue to be signed by the Revenue District Officer in the following instances:

a. Claims for income tax refund or issuance of tax credit certificate or in cases of income tax returns showing carry-over of excess withholding tax or quarterly income tax payments of individuals amounting to One Hundred Thousand Pesos (₱ 100,000.00) and below, which will require the verification of taxpayer's income, including withholding tax liabilities, for the covered period;

b. Claims for VAT refund or issuance of tax credit certificate or in cases of VAT returns showing excess input tax at the end of the taxable period amounting to One Hundred Thousand Pesos (₱ 100,000.00) and below, which will require the specific verification of the VAT liabilities only for the covered period;

c. Claims for tax credit/refund of excise tax under Title VI of the NIRC of 1997, regardless of amount;

d. Claims for tax credit/refund on erroneous/double payment of taxes, regardless of amount;

e. Taxpayers who are retiring from business with gross assets of ₱ 10,000,000.00 and below; and

f. Protested cases/cases for reinvestigation.

The above policies are consistent with the ruling in the case of San Carlos Milling Co., Inc. vs. Commissioner of Internal Revenue and Court of Appeals (G.R. No. 103379 dated November 23, 1993) stating to the effect that, no tax refund or credit shall be granted unless the taxpayer-claimants' entitlement thereto has been first duly established through prior audit or verification.

II. Additional Guidelines to the Policies Laid Down in RMC No. 13-2003.

1. As a clarification on the submission of reports of investigation/audit reports (dockets) or return of audit cases pursuant to Sec. III.3 of RMC No. 13-2003, prescribing cases shall, in all instances, be covered by reports of investigation whereas LAs/ANs or TVNs previously issued covering the audit/verification of cases under mandatory audit shall be continued for audit/verification and shall be reported within the required timeframe for audit cases handled under normal circumstances.

2. A Summary List of Unfinished Cases as of May 31, 2003 per Revenue District Office, as well as cases handled by the Special Investigation Division, if any, as allowed under applicable revenue issuance, shall be submitted by the concerned Regional Director, through the Deputy Commissioner-Operations Group, to the Commissioner within fifteen (15) days from the approval of this Order, copy-furnished the Deputy Commissioner-Legal and Inspection Group. The list shall contain the following information:

- a. LA/TVN/MO number;
- b. LA/TVN/MO date;
- c. Name of taxpayer;
- d. TIN of taxpayer;
- e. Year covered;
- f. Tax type covered;
- g. Name of Revenue Officer assigned;
- h. Status of the case; and
- i. Reason for the failure to terminate the case.

A copy thereof shall be forwarded to the Assistant Commissioner, Assessment Service for recording purposes and to the Assistant Commissioner, Inspection Service for the conduct of performance audit thereon.

III. Handling of Cases Issued under RMC 13-2003.

LAs/ANs/TVNs already issued under RMC No. 13-2003 shall remain in force and the cases shall be pursued by the concerned Revenue District Offices following the guidelines set forth in RMO No. 13-2002.

All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

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