Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

BAGONG PILIPINAS

Date AUG 24 2026

REVENUE MEMORANDUM ORDER NO. 022-2026

SUBJECT : Prescribing the Consolidated and Revised Policies, Guidelines and Procedures for the Bureau of Internal Revenue Audit Program

TO : All Internal Revenue Officials and Others Concerned

I. BACKGROUND

In view of the Bureau of Internal Revenue (BIR)'s review of its audit policies, procedures, and internal controls, which led to the issuance of Revenue Memorandum Order (RMO) No. 1-2026, as amended and supplemented by RMO No. 6-2026, and as clarified in Revenue Memorandum Circular No. 14-2026, this Audit Program reinforces the structural reforms introduced under said issuances. These include, among others, the Single-Instance Audit Framework, system-assisted and risk-based audit selection, anonymized assignment of cases to Group Supervisors (GS) and Revenue Officers (ROs), mandatory labeling of audit instruments, standardized documentary requirements, and strengthened safeguards in the conduct of audit.

Consistent with the BIR's thrust toward evidence-based, technology-driven, and fair audit processes, the issuance of electronic Letters of Authority (eLAs) shall henceforth be anchored on verifiable data, supported by established risk assessment methodologies, and generated through secure digital systems capable of producing accurate, objective, and reliable taxpayer profiles.

Accordingly, this Order consolidates existing audit programs of the BIR and integrates ongoing audit reforms to promote consistency, coherence, and uniform implementation across all investigating offices. These enhanced guidelines institutionalize the BIR's modernization initiatives and strengthen its risk-based audit and governance framework, while ensuring a fair, efficient, and transparent enforcement of internal revenue laws and the proper assessment and collection of taxes due to the government.

II. OBJECTIVES

This Order is issued to:

1. Prescribe a consolidated BIR Audit Program, establishing a single and uniform set of policies, guidelines, and procedures governing the conduct of audit across all investigating offices;
2. Institutionalize and integrate existing and updated audit policies, procedures, and relevant revenue issuances into one coherent framework;
3. Adopt and operationalize the control mechanisms introduced under RMO No. 1-2026, as amended;

4. Provide clear operational and transitional guidelines for the effective implementation of this Audit Program;
5. Promote efficiency, transparency, professionalism, and accountability in the conduct, review, and oversight of audit activities;
6. Reinforce internal controls and uphold the integrity, consistency, and reliability of the audit process; and
7. Enhance taxpayers' voluntary compliance by encouraging the payment of the correct amount of internal revenue taxes through quality audit of tax returns.

III. COVERAGE

This Order shall cover the following:

1. All audits/verifications of all internal revenue tax liabilities of taxpayers conducted by the following authorized investigating offices:

    a. Revenue District Offices;
    b. Office Audit Sections (OAS) under the Assessment Divisions (AD) of Regional Offices;
    c. Audit Divisions under the Large Taxpayer Service (LTS);
    d. National Investigation Division (NID) and Regional Investigation Division (RID), where applicable; and
    e. Technical working groups or investigating teams duly established to investigate specific taxpayers or industry sectors.

2. All taxpayers, including but not limited to:

    a. Taxpayers subject to mandatory audit or verification under this Order;
    b. Taxpayers selected for audit based on risk assessment, data analytics, third-party information, or other system-assisted selection processes;
    c. Taxpayers involved in one-time transactions (ONETT), tax clearance applications, claims for tax refund or tax credit, and other transactions requiring audit or verification as a condition precedent;
    d. Taxpayers identified under special audit programs, policy directives, or industry-focused audits as may be determined by the Commissioner of Internal Revenue (CIR); and
    e. Other taxpayers as may be authorized for audit pursuant to law or relevant revenue issuances.

3. All audit-related processes, including but not limited to the selection of cases, assignment of audit personnel, conduct of audit, documentation, reporting, review, and monitoring of audit activities. All audit activities covered herein shall be subject to the policies, procedures, and control mechanisms prescribed under this Order.

IV. INVESTIGATION/VERIFICATION OF TAXPAYERS

1. General Policies

The conduct of audit and investigation under this Order shall be governed by the following general policies:

a. All taxpayers shall be considered potential candidates for audit or verification for the purpose of determining the correctness of their internal revenue tax liabilities, consistent with the BIR's mandate to enforce tax laws and promote voluntary compliance. Accordingly, all audits or verifications shall be conducted only upon the issuance of a valid eLA, Tax Verification Notice (TVN), or Mission Order (MO), and any audit or verification undertaken without such authority shall be deemed unauthorized. In all cases, audit and verification activities shall strictly adhere to the provisions of the National Internal Revenue Code of 1997, as amended (Tax Code), and applicable revenue issuances, with full observance of due process requirements and the protection of taxpayer rights.

b. Consistent with the foregoing, a taxpayer shall be subject to only one (1) eLA for a given taxable year, covering all applicable internal revenue tax types, in accordance with the Single-Instance Audit Framework under RMO No. 1-2026, as amended, subject to the exceptions provided therein. This rule is intended to prevent duplication or fragmentation of audit authority. However, it shall not be construed to prohibit the lawful continuation, reassignment, consolidation, or issuance of a subsequent eLA for the same taxable year for purposes of continuity of audit. Corollarily, audit or verification shall be strictly limited to the tax types and taxable periods specified in the eLA, TVN or MO, and any expansion of scope shall require the issuance of the appropriate audit or verification authority in accordance with existing revenue issuances.

c. In furtherance of a data-driven audit regime, the issuance of eLAs, TVNs and MOs shall generally be governed by a system-assisted, risk-based taxpayer selection process utilizing defined criteria, verifiable data, and risk indicators derived from filed tax returns, third-party information, and other relevant data available within BIR systems. Audit cases shall, as far as practicable, be assigned through an anonymized process, whereby the identity of the taxpayer remains concealed during the selection and assignment stages until the audit case is finalized in the system, except as otherwise permitted under this Order, in order to ensure impartiality and prevent undue influence. At all times, audit proceedings shall be conducted within the prescribed timelines, subject to applicable rules on suspension, extension, and other recognized exceptions under existing revenue issuances.

d. Finally, all Revenue Officials/Officers shall observe the highest standards of integrity, objectivity, and professionalism, and shall be accountable for the proper, timely, and accurate conduct of audit. To this end, all audit activities, findings, and case developments shall be properly documented in the prescribed BIR systems or platforms, as well as in the official case docket, to ensure transparency, traceability, and effective monitoring. In all instances, the audit trail must be complete, accurate, and capable of independent verification.

2. **Types of Audit Cases**

The audit/investigation of taxpayers under this Order may be categorized as Mandatory or Priority cases, depending on the nature, purpose, and risk profile of the taxpayer.

a. **Mandatory Cases** – Mandatory cases refer to transactions or situations where audit or verification is required as a condition precedent to the issuance of tax clearance, the processing of claims for refund or tax credit, or in other cases as may be identified by the CIR as primary target for audit or investigation. These shall be covered by the following audit or verification instrument:

i. **To be covered by eLAs-**

Selection Criteria	Selection Code
1. Taxpayers with under declaration of sales/income or overstatement of expenses/deductions by at least 30% (prima facie evidence of fraud)	FRD
2. Taxpayers with intelligence information such as specific business knowledge, third party data and publicly available information	TPI
3. Taxpayers with Mission Order with preliminary indicator that taxpayer has understatement of sales by thirty percent (30%) or more	MOS
4. One-Time Transaction a. Cases with review findings resulted to a deficiency tax; or b. Real property transactions with findings in the electronic Certificate Authorizing Registration (eCAR) System	OTT
5. Taxpayers enjoying tax exemptions/incentives	INC
6. Occurrences of non-compliance with tax obligations arising from Spontaneous Exchange of Information	SEOI
7. Taxpayers requesting for tax clearance whose gross sales for the immediately preceding year exceed Three Million Pesos (P3,000,000.00) or whose gross assets upon retirement exceed Eight Million Pesos (P8,000,000.00), due to: a. Death of the taxpayer; or b. Taxpayers retiring from business; or c. Taxpayers undergoing merger/consolidation/ split-up/spin-off and other types of corporate reorganizations	TRC
8. Taxpayers who failed to respond within the prescribed period to the BIR's request for confirmation of Third-Party Information (TPI) data matching/reconciliation	TPR
9. Taxpayers with validated discrepancies or material inconsistencies identified through system-generated analytics, internal compliance verification, or authorized pre-audit validation processes that warrant audit or investigation pursuant to existing revenue issuances	VDF

Selection Criteria	Selection Code
10. Taxpayers with claims for income tax refund or issuance of tax credit certificate under Sections 58(E) and 76(C) in relation to Section 204(C) of the Tax Code	ITR for income tax; ITC for tax credit certificate

ii. **To be covered by TVNs –**

Selection Criteria	Selection Code
1. Taxpayers with claims for income tax refund or issuance of tax credit certificate	ITR for income tax; ITC for tax credit certificate
2. Taxpayers with claims for Value-Added Tax (VAT) refund/credit	VTR for VAT refund; VTC for VAT credit certificate
3. Claims for tax refund/credit of excise tax under Title VI of the Tax Code regardless of amount	ETRS for excise tax refund; ETCS for excise tax credit certificate
4. Claims for tax refund/credit on erroneous/double payment of taxes, regardless of amount	ERTR for tax refund; ERTC for tax credit certificate

Mandatory Cases shall not require prior approval of the CIR, as these arise from transactions or circumstances where audit or verification is required under existing laws, rules, and revenue issuances, or are automatically triggered based on prescribed criteria. Notwithstanding the foregoing, taxpayers enjoying tax exemptions or incentives (Selection Code: INC) shall not automatically be subjected to audit. Such cases shall be subject to risk-based evaluation and validation and shall be covered by an eLA only when supported by applicable audit criteria, verifiable data, or indicators of non-compliance.

For Selection Code TPR, the concerned Investigating Office shall prepare a list of all taxpayers who failed to respond to the request for confirmation of TPI data matching/reconciliation within the prescribed period and submit a report to the concerned RDO/s having jurisdiction over the said taxpayers to facilitate the appropriate issuance of the eLAs.

For taxpayers with claims for tax credit or refund of income tax under Sections 58(E) and 76(C) of the Tax Code, the verification of books of accounts and conduct of a thorough audit are necessary to ascertain the validity and propriety of the claim. Accordingly, in the absence of an existing eLA, the Investigating Office shall cause the issuance of an eLA covering the audit of all internal revenue taxes for the same taxable period subject of the claim. However, to ensure compliance with the one hundred eighty (180)-day period prescribed under Section 204(C) of the Tax Code for the processing of tax credit/refund claims, a separate TVN shall be issued to authorize the verification and processing of claims for tax credit/refund of Creditable Withholding Tax (CWT). Such processing shall not be held in abeyance pending the completion of the audit of all internal revenue taxes, consistent with Item II(A)(2) of RMO No. 25-2024.

All cases falling under Mandatory Cases shall be subject to approval of the Regional Director (RD) or the Assistant Commissioner (ACIR) of the LTS, as the case may be (the "**Approving Authority**"), which approval shall be based on a determination that the case properly falls within the prescribed selection criteria for Mandatory Cases, upon recommendation of the concerned Head of the Investigating Office. The Approving Authority and the Head of the Investigating Office shall be jointly responsible for ensuring the correctness of the classification of such cases as Mandatory Cases. Any misclassification or improper categorization shall be subject to appropriate administrative sanctions under existing laws and revenue issuances.

A periodic report of eLAs and TVNs issued under Mandatory Cases shall be submitted to the Office of the Commissioner of Internal Revenue (OCIR) on or before the tenth (10th) day of the succeeding month, in the format prescribed under Annex "**A**" hereof, with copies furnished to the Office of the Deputy Commissioner – Operations Group (DCIR-OG), Office of the Deputy Commissioner – Strategic Reforms Group (DCIR-SRG) and the Office of the ACIR - Assessment Service. In addition to the submission of hard copy reports, each Investigating Office shall also accomplish and encode the data to a SharePoint link to be provided by the Office of the DCIR-OG (for Revenue Regions) and Office of the DCIR-SRG (for Large Taxpayers), for easy monitoring and collation.

b. Priority Cases – Priority cases refer to cases to be covered by eLAs that are electronically selected through the prescribed BIR system based on prescribed risk-based criteria requiring immediate action. Selection is system-assisted and uses data from filed tax returns and other relevant information available in BIR systems. The corresponding selection codes are embedded in the system. These cases shall be covered by eLAs.

	Selection Criteria	Selection Code
i.	Taxpayers with drastic decrease in reported sales/VAT payments	DIT
ii.	Taxpayers with significant increase in exempt/zero-rated sales/revenues	EZE
iii.	Taxpayers with Discrepancy Notices	DNA
iv.	Taxpayers whose excess input tax carried forward in the VAT return of the succeeding quarter is different from the input tax reflected in the VAT return of the previous quarter	EIT
v.	Taxpayers whose VAT returns reflect substantial input taxes such as when the total input taxes claimed exceed seventy-five percent (75%) of the total output tax	EIL
vi.	Taxpayers with income tax due of less than two percent (2%) of gross sales/revenues	LOW

	Selection Criteria	Selection Code
vii.	Taxpayers filing percentage tax returns whose gross sales/receipts exceed the VAT threshold	PERI
viii.	Taxpayers with substantial sales but reporting net loss	SNL
ix.	Taxpayers who have been in operation for more than five (5) years from inception, and who have not yet been audited	LST
x.	Taxpayers with increase in assets of more than fifty percent (50%) from the previous year but with reported net loss	ASS
xi.	Taxpayers with claims for losses/damages due to natural calamities or those claiming inventory obsolescence	CLD
xii.	Taxpayers deriving its revenue/income exclusively or substantially from its parent company/subsidiaries/ affiliates	PSA
xiii.	Taxpayers claiming write-off of input tax as allowable deduction in its annual income tax returns	CWO
xiv.	Taxpayers with shared expenses and other interrelated charges being imputed by a parent company to its affiliates and likewise an affiliate to another affiliate in a conglomerate	EPA

Also covered under this category are audit cases that shall be handled by the OAS under the AD. These include taxpayers whose gross sales, per tax returns filed, fall within the threshold prescribed under existing revenue issuances.

For cases handled by the NID and RID, the issuance of eLAs and MOs based on the existence of prima facie evidence of fraud shall continue to be governed by existing revenue issuances.

V. POLICIES AND PROCEDURES

1. Selection of Taxpayers for Audit and Issuance of the Corresponding eLA

a. The issuance of eLAs for Priority Cases shall generally be governed by a system-assisted, risk-based taxpayer selection process, based on defined criteria, verifiable data, and risk indicators embedded in the BIR's digital systems, and subject to centralized approval by the CIR upon recommendation of the DCIR - OG (for Regional Offices) and DCIR - SRG (for LTS).

b. The Information Systems Group (ISG) shall be responsible for the generation of anonymized lists of taxpayers based on approved selection criteria. The ISG shall ensure that all system-generated outputs are accurate, and consistent with approved audit parameters.

c. Mandatory Cases shall not be subject to system-assisted selection. These cases shall, however, be properly encoded, created, and processed in the prescribed BIR systems/platforms for purposes of case creation, assignment, monitoring, and audit trail documentation.

d. When Heads of Investigating Offices recommend taxpayers for audit, including Priority Cases, such recommendations shall be supported by written justification and endorsed by the appropriate Approving Authority having jurisdiction over the taxpayer to the DCIR-OG or DCIR-SRG, as the case may be. These recommendations shall include, but not limited to, the identification of the taxpayer and the appropriate audit selection criteria or selection code applicable to the case based on the facts and supporting information available. They shall likewise be subject to the approval of the CIR upon recommendation of the DCIR-OG and DCIR-SRG prior to the issuance of the corresponding eLA.

e. The Head of the Investigating Office and the corresponding Approving Authority shall ensure that only taxpayers within their respective jurisdiction, except those relating to ONETT, and those that meet the prescribed selection criteria or mandatory audit triggers, are subjected to the issuance of eLAs.

f. Unless otherwise provided under RMO No. 1-2026, as amended, and other related revenue issuances, no eLA shall be issued in violation of the Single-Instance Audit Framework.

2. Issuance and Updating of eLA/TVN

a. All eLAs and TVNs shall be issued in accordance with this Order and existing revenue issuances. Only upon completion of these processes shall audit cases be formally created, encoded in the BIR systems/platforms, and the corresponding eLAs generated through the same.

b. The prescribed BIR system/platform shall be used in the creation, assignment, approval, issuance, printing, and cancellation of eLAs/TVNs, as well as in updating the status of the same. Existing audit cases maintained in Electronic Letter of Authority Monitoring System (eLAMS) that have not been subjected to replacement or consolidation through the Internal Revenue Integrated Sytem – Case Management System – Audit (IRIS-CMS-A) shall continue to be managed and updated in eLAMS until their completion or closure.

c. Near real-time and accurate updating of case status in the prescribed BIR system/platform shall be strictly observed, and such updates must be made simultaneously with the corresponding actions reflected in the physical case docket. No audit activity, case development, or status change shall be considered complete unless it is properly recorded both in the system and in the physical records, in order to ensure consistency, traceability, and integrity of the audit trail.

d. All eLAs and TVNs shall be properly encoded in prescribed BIR system/platform and shall clearly reflect the taxpayer's name, Taxpayer

Identification Number, taxable period, covered tax types, and assigned RO/GS, as approved by the appropriate authority.

e. For eLAs issued based on findings from surveillance activities conducted pursuant to an MO, the eLA shall cover the taxable year immediately preceding the period of the enforcement operations.

f. For ONETT cases resulting in a deficiency tax, the coverage of the eLA shall be limited to audit or investigation of the specific ONETT only and shall be conducted by the Investigating Office which issued the eCAR, provided that such Investigating Office has proper jurisdiction under existing rules.

In cases where the eCAR was issued by an office without proper jurisdiction, the audit shall be referred to the appropriate Investigating Office, which shall thereafter issue the corresponding eLA in accordance with existing revenue issuances.

3. Assignment of Cases

a. The RD/ACIR-LTS, may undertake the assignment of audit cases, or refer the anonymized list of selected taxpayers to the Heads of Investigating Offices for assignment, consistent with the principles of impartiality and equitable distribution of workload.

b. Assignment of audit cases shall be undertaken while taxpayer identities remain anonymized. Such assignment shall be effected through the prescribed system, which shall enforce applicable eligibility parameters, including workload limitations, equitable distribution of cases, and the disqualifications provided under Section V(3)(f) hereof.

c. Upon completion of the assignment in the system, the ISG, in coordination with the DCIR-OG and DCIR-SRG, as the case may be, shall perform the decryption process, at which point the identity of the taxpayer, together with the assigned RO and GS, shall be revealed for purposes of eLA issuance and proper encoding in the prescribed BIR system/platform.

d. Where assignment is delegated, the Heads of Investigating Offices shall ensure that such assignments are made strictly through the prescribed system and in compliance with all applicable eligibility parameters and workload limitations.

e. Mandatory Cases from Section IV(2)(a) hereof, shall not be included in the count of maximum workload of every RO, which is thirty (30) cases at a given time, subject to replenishment upon the submission of the report of investigation/closure of each case.

f. No audit case shall be assigned to an RO who has any of the following:

i. pending priority audit cases of thirty (30) or more;
ii. pending ten (10) mandatory cases;
iii. prescribing case(s);

iv. no Report for Duty;
v. no office clearance;
vi. ten (10) or more returned audit cases and/or cases for reinvestigation;
vii. case(s) which has been outstanding for more than the prescribed period within which to conduct audit or verification as mentioned under Section V(5)(g) hereof;
viii. tendered resignation or whose compulsory retirement is six (6) months or less away from the effective date of separation.

g. The Head of the Investigating Office may assign more than one RO/GS to conduct the audit/verification, and all the names of the RO/GS must be indicated in the eLA/TVN. The lead RO is the examiner first listed in the eLA/TVN. One (1) eLA/TVN is counted as one case of the RO assigned to the case, except for eLA/TVN assigned to a group of ROs which shall be counted as a case of the lead RO only. Nevertheless, deficiency assessment/collection on the case shall be equally credited among all the ROs indicated on the eLA/TVN.

h. In Investigating Offices where there is no GS or where there are only four (4) ROs utmost, the Chief of Assessment Section/the Assistant Revenue District Officer, shall exercise the same functions, responsibilities, and accountabilities as a regular GS.

i. Except for eLAs issued under the Run After Tax Evaders Program of the National Office or Regional Office, and those issued under technical working groups or investigating teams duly established to investigate specific taxpayers or industry sectors, only ROs under the Assessment Section shall be authorized to conduct audit and investigation of tax cases, whether in a principal or assisting capacity.

j. The same RO or lead RO shall not be assigned to audit the same taxpayer examined for the immediately preceding taxable year, except when there are four (4) ROs or fewer in the concerned district or Investigating Office, or where otherwise allowed under existing revenue issuances.

k. The Business Intelligence Division shall extract, on the weekly basis, the number of pending cases of each RO in eLAMS, every Monday or on the first working day of the week, and shall on the same day, submit the same to the Administrative Systems Division for uploading in the prescribed BIR system/platform for as long as pending eLAMS cases remain.

l. Cases referred to the Legal Division, Legal Service, or other authorized office for resolution of legal issues shall be removed from the inventory of the RO for purposes of replenishment. Upon return to the RO for continuation of audit or investigation, the case shall again form part of the RO's inventory. If such returned cases result in an excess over thirty (30) cases, the excess shall not be considered a violation.

m. Cases referred to the Legal Division, Legal Service, or any other authorized office shall be acted upon within fifteen (15) calendar days from receipt of the request.

n. Returned audit cases by the reviewing office for compliance of review findings, or by the Legal Division for continuation of audit, shall only be assigned to another RO/GS if the previous RO/GS who handled the case cannot act on it due to the circumstances stated in Section V (9) hereof, at the time the case docket was returned. An Electronic Memorandum of Assignment (eMOA) with a system-generated number shall be issued through the prescribed BIR system/platform in the assignment of these returned audit cases. However, if the review observation shall result to a deficiency tax or additional deficiency tax not covered by the previous report, a replacement eLA shall be issued if the audit case is assigned to a different RO and/or GS.

o. Audit cases whose tax assessments have been validly protested and returned to the Investigating Office for re-investigation shall likewise be assigned to another RO and/or GS through the issuance of a replacement eLA if the previous RO and/or GS is no longer with the investigating office.

4. Service of eLA and Document Submission Requests

a. The assigned RO and/or GS shall promptly serve the eLA, together with the Standard Checklist of Requirements as prescribed under RMO No. 1-2026, as amended, and the Taxpayer Consent on Audit Venue/Authorized Representative (Annex "B"), in accordance with existing revenue issuances. Failure of the taxpayer to submit required documents within ten (10) calendar days shall warrant the issuance of a First Notice for Presentation/Submission of Documents/Records (Annex "C"), signed by the Head of the Investigating Office.

b. If the taxpayer fails to comply with the First Notice for Presentation/Submission of Documents/Records within ten (10) calendar days from its receipt, a Second and Final Notice for Presentation/Submission of Documents/Records signed by the Head of the Investigating Office shall be issued to the taxpayer following the prescribed format (Annex "D").

c. Where a taxpayer fails or refuses to submit the required records or documents despite the service of the appropriate notices, the concerned RO or GS, with the approval of the Head of the Investigating Office, shall recommend the case for the issuance of a *Subpoena Duces Tecum* (SDT). Such recommendation shall be endorsed to the ACIR - Enforcement & Advocacy Service (EAS) for National Investigation Division, ACIR – LTS for Large Taxpayers Service, or RD for Regional Office, as the case may be.

d. Failure or refusal of the taxpayer to comply with the SDT, or submission of incomplete records despite due notices, shall warrant the initiation of appropriate criminal proceedings for failure to obey summons, pursuant to Section 266 of the Tax Code.

5. Conduct of Audit and Submission of Reports of Investigation

a. The audit procedures and techniques prescribed under existing revenue issuances shall be complied with by all concerned Revenue Officials/Officers.

b. Verification and processing of claims for tax refunds shall be governed by the applicable revenue issuances issued for this purpose.

c. Examination and inspection of books of accounts and other accounting records shall be conducted either at the taxpayer's registered place of business or at the appropriate BIR office, as provided under Section 235 of the Tax Code. Where the records required for audit are voluminous or where their transport or examination at the BIR office would be impractical, burdensome, or disruptive to business operations, the taxpayer shall be afforded reasonable options on the manner and venue of examination by accomplishing the Taxpayer's Consent on Audit Venue / Authorized Representative.

For this purpose:

i. The taxpayer may opt to physically submit the records to the BIR office conducting the audit; or
ii. 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 submitted to the BIR, photocopies may be accepted, provided they 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 solely for verification purposes, which shall be confined strictly to matters within the authorized scope of the audit.

However, where an SDT has been validly issued, the taxpayer's option to select the venue of examination or submission of records shall no longer apply. All required records shall be submitted to the BIR office specified in the SDT.

d. Where the templates for correspondences and notices available in the prescribed BIR system/platform differ from the prescribed forms or templates under recent applicable revenue issuances, the system-generated templates shall nonetheless be generated in order to automatically reflect completion of the default case events which has dependency on such "generation". However, the correspondence or notice to be served on the taxpayer shall strictly conform to the forms and templates prescribed under applicable revenue issuances.

e. The Minutes of Meeting for the Discussion of Discrepancy conducted after the issuance of the Notice of Discrepancy shall be prepared using the prescribed format under Annex "E" hereof. Such minutes shall be duly signed by the taxpayer or its authorized representative and the assigned RO and GS. Any refusal to sign shall be expressly noted in the minutes.

f. Each eLA or TVN shall be supported by the appropriate audit reports using the applicable BIR Form 0500 Series, to be accomplished by the RO through the prescribed BIR system/platform, corresponding to the tax types covered.

g. The report of investigation/verification of cases covered by eLAs/eMOA/TVNs pursuant to this Order shall be submitted by the assigned RO/GS within the following prescribed number of calendar days:

Case Classification	No. of Days
Cases covered by eLAs other than replacement eLA	180 days for Regional cases including OAS cases/240 days for LTS cases from the date of the eLA
eMOA/Replacement eLA on protested cases for reinvestigation	90 days for regional cases and 120 days for LTS cases from receipt of the eMOA/Replacement eLA
eMOA/Replacement eLA on cases returned by the reviewing office/eLA on ONETT case docket which review findings resulted to a deficiency	30 days from receipt of the eMOA/Replacement eLA

Failure to report the case within the prescribed period shall not affect the validity of the assessment, without prejudice to any administrative accountability under existing laws and regulations.

The running of the prescribed period shall be suspended upon request for the issuance of an SDT or Exchange of Information (EOI), effective from the date of receipt of the request by the concerned office, and shall resume only upon receipt of the requested information by the investigating RO.

Requests shall be coursed through the following offices:

Requests	Concerned BIR Office
Requests for issuance of SDT	Regional Director/Office of the ACIR – LTS/EAS
Requests for EOI provision for taxes covered by tax treaty	EOI Unit of the International Tax Affairs Division

To prevent the issuance of jeopardy assessments as well as to ensure that the BIR is not deprived of its right to assess and collect the right amount of tax, the procedures and timeframe in the issuance of SDT as prescribed under Item No. III (3.5) of RMO No. 10-2013, as amended by RMO No. 8-2014, must be strictly observed by the concerned office to compel taxpayers to submit or present the required books, records, and documents.

h. In case the original RO/GS assigned to the case cannot timely render a report of investigation due to insufficient documentary requirements or upon transfer of assignment, retirement or resignation, authorized leave such as maternity leave or study leave, prolonged absences/unauthorized leave or other reasons, the timeframe on the submission of report of investigation of eLAs, shall be:

Type of Audit Case	Number of Days to Complete Audit
Replacement eLA, other than those cases returned for compliance with review findings/requirements, and protested cases for reinvestigation.	180 days for regional cases including OAS cases/240 days for LTS cases from the date of the Replacement eLA

i. All mandatory documents and pertinent documents to support the audit reports, including schedules, working papers, and detailed computations, must be attached to the audit case docket. Mandatory documents must be uploaded into the prescribed BIR system/platform.

For cases where the deficiency taxes determined in the investigation have been paid at the Revenue District Office/Investigating Office level, the corresponding Report of Investigation shall be prepared and submitted within twenty (20) days from the date of payment by the taxpayer, to the Chief, AD for Regional cases, to the concerned Head Revenue Executive Assistant (HREA)-LTS, or HREA-EAS, as the case may be, for appropriate review. Notwithstanding the foregoing, the submission of the Report of Investigation shall remain subject to the prescribed audit period of one hundred eighty (180) days for Regional cases and two hundred forty (240) days for LTS cases, as provided under Section V(5)(g) of this Order.

In cases where the Report of Investigation cannot be submitted within the prescribed period, the concerned RO shall prepare a monthly progress report, starting from the date the report should have been rendered, indicating the reasons for the delay. Such progress report shall be duly noted by the GS and approved by the Revenue District Officer / Chief of the Large Taxpayers Audit Division (LTAD)/Head of the Investigating Office, and shall form part of the case docket.

6. Review of Audit Reports, Issuance and Service of Assessment Notices/Final Decision on Disputed Assessment (FDDA) and Termination Letter

a. The reviewing offices, namely the AD in the Regional Offices, and the concerned Office of the HREA-LTS, shall review the reports and case dockets within the following prescribed number of calendar days:

Case Classification	No. of Days
Cases covered by eLAs	30 days from date of receipt of the case docket
eMOA/Replacement eLA on protested cases for reinvestigation	30 days from date of receipt of the case docket
eMOA/Replacement eLA on cases returned by the reviewing office/eLA on ONETT which review findings resulted to a deficiency tax	15 days from date of receipt of the case docket

b. The Preliminary Assessment Notice (PAN), Formal Letter of Demand/Final Assessment Notice (FLD/FAN), and FDDA shall be issued by the CIR or his duly authorized representative.

c. Pursuant to Revenue Regulations No. 18-2013, an FLD/FAN shall be issued only after the taxpayer has submitted a response to the PAN, or, in the absence of such response, after the lapse of fifteen (15) days from the taxpayer's receipt of the PAN, at which point the taxpayer shall be considered in default. Where the taxpayer timely submits a response, the FLD/FAN, if warranted, shall be issued within fifteen (15) days from the submission thereof. It is emphasized, however, that the failure to strictly observe the said fifteen (15)-day period for the issuance of the FLD/FAN after response or default shall not affect the validity of the assessment, provided that it is issued within the applicable prescriptive period to issue deficiency tax assessments under Sections 203 and 222 of the Tax Code and that due process requirements have been complied with. Such non-observance shall not invalidate the FLD/FAN, without prejudice to any administrative accountability under existing laws and regulations.

d. Service of the PAN, FLD/FAN, and FDDA shall be made in accordance with the rules and procedures prescribed under existing revenue issuances. Such service may be made by the RO or GS assigned to the case, or by any other BIR ROs authorized for the purpose.

e. A Termination Letter (TL), using the prescribed template (Annex "F"), shall be prepared for all paid cases or cases with no findings or discrepancies by the AD of the Regional Office, concerned Office of the HREA-LTS, or Office of the HREA-EAS upon approval of audit reports by the RD or ACIR-LTS. The TL shall thereafter be served upon the taxpayer by the office responsible for its preparation within a reasonable time.

For Regional cases where an eLA was issued pursuant to Section IV(2)(a)(i)(7) hereof, the AD shall furnish the concerned Investigating Office where the taxpayer is registered with a copy of the TL, together with the approved memorandum report recommending the closure or cessation of business registration. This is to ensure that the Tax Clearance is issued only upon full settlement of any deficiency tax assessments.

The AD of the Regional Office, the concerned Office of the HREA-LTS, or the Office of the HREA-EAS shall cause the immediate transfer of the case custody in the prescribed BIR system/platform to the Administrative and Human Resource Management Division of the Regional Office or Records Management Division of the National Office for appropriate closure of the case status in the prescribed BIR system/platform.

In no case shall a TL be issued to settle a proposed assessment unless the settlement amount is fully supported by the audit findings of the RO and subject to audit under Section V(10) of this Order.

7. Handling of Protests Against Tax Assessments

a. All letters of protest, requests for reinvestigation or reconsideration, and similar correspondences shall be received by the Office of the concerned RD, ACIR-LTS, or ACIR-EAS, who signed the PAN/FLD/FAN. Copies thereof shall be furnished by the Receiving Office to the AD in the Regional Office, the concerned Office of the HREA-LTS, or the Office of the HREA-EAS, as the case may be.

b. The examination, processing, and resolution of protests shall be governed by the applicable provisions of the Tax Code, and shall be undertaken strictly in accordance with existing and future revenue issuances prescribing detailed protest procedures, consistent with the requirements of due process and prevailing jurisprudence.

8. Updating of Case Statuses and Monitoring of Cases in IRIS-CMS-A

a. The RO/GS must continuously update all case events of their existing cases at the prescribed BIR system/platform from the time the case is assigned to them up to the closure of the case. Such system updates shall correspond with the actions and documents reflected in the physical case docket.

b. The transfer of custody of a case docket from the Investigating Office—whether for review by the AD, the Office of the HREA-LTS, or the Office of the HREA-EAS, for the issuance of an SDT pursuant to RMO Nos. 45-2010 and 10-2013, as amended, or for legal action by the Legal Division in the Regional Offices or the Legal Service in the National Office, and vice versa—shall be duly acknowledged by the receiving office through the applicable BIR system/platform.

c. The Head of the Investigating Office shall be primarily responsible in performing the following tasks:

   i. Monitoring workload of the ROs and ensuring the timely and accurate updating of case statuses in the applicable BIR system/platform;
   ii. Ensuring that all ROs indicated in the eLA are assigned specific tasks and are accountable for corresponding outputs; and
   iii. Reviewing the aging of case inventories and enforcing the prompt completion of long overdue cases, including the issuance of call-up

memoranda and, where warranted, referral to the RID for Regional cases or to the Internal Investigation Division for cases under the EAS or LTS, for appropriate action.

9. **Issuance of Replacement eLA / Consolidated eLA**

All issuance of replacement or consolidated eLAs shall be made through IRIS-CMS-A.

In cases where multiple eLAs subject for consolidation were issued from different systems, the consolidated eLA shall be issued through the prescribed BIR system/platform.

a. **Replacement eLA** – refers to an audit authority issued to ensure the continuity of audit or reinvestigation without expanding or altering the original scope, taxable period, or tax types covered by the previously issued eLA. It is issued in lieu of the original eLA due to supervening circumstances affecting the assigned RO and/or GS or the handling office, and shall not be construed as a new or separate audit authority.

b. **Consolidated eLA** – refers to a single audit authority issued to combine two or more existing eLAs covering the same taxpayer and taxable year into one (1) unified authority, pursuant to the Single-Instance Audit Framework under RMO No. 1-2026, as amended and supplemented by RMO No. 6-2026. It shall cover all applicable internal revenue tax types for the taxable year concerned and shall serve as the sole and continuing authority for the conduct of audit or investigation.

   The Consolidated eLA reflects the transition from fragmented audits, including those limited to VAT previously conducted by the VAT Audit Sections of the Regional Offices or the Large Taxpayers VAT Audit Unit, to a comprehensive audit of all internal revenue taxes by the appropriate investigating office. Upon issuance, all previously issued eLAs covering the same taxpayer and taxable year shall be deemed cancelled and subsumed under the Consolidated eLA.

A Replacement eLA shall be issued in the following instances:

i. When the original RO and/or GS named in the eLA can no longer continue the audit/investigation due to transfer of assignment, retirement, resignation, authorized leave (e.g., maternity or study leave), prolonged or unauthorized absence, or other analogous circumstances; provided, that the statutory period to assess taxes has not yet prescribed.

   In case of transfer of taxpayer registration to another RDO or change in classification (e.g., enlisting to or delisting from LTS), the audit already commenced shall continue to be conducted by the original handling BIR office until completion.

   In the same manner, all reply or protests against deficiency tax assessments (e.g., PAN and FLD/FAN) issued against transferred or newly enlisted to/delisted from LTS, shall be handled by the original handling BIR Office that issued such notice until settlement/termination of the case. Unprotested tax assessments that matured into "delinquent accounts" shall be referred to the new concerned BIR Office where the taxpayer is registered.

Any collection therefrom shall be credited to the BIR Office that conducted/concluded the audit upon notification to the LTS or Regional Office, as the case maybe, for proper crediting by the Revenue Accounting Division.

Thereafter, all eLAs/TVNs, regardless of the taxable year involved, shall be issued by the new BIR Office having jurisdiction over the taxpayer's registration.

ii. When audit reports are returned by the reviewing office with findings requiring amendment of audit reports or deficiency assessments, and the original RO/GS is no longer with the Investigating Office.

iii. In case of approved request for reinvestigation where the original RO/GS is no longer with the Investigating Office at the time the case is reassigned. However, if both the RO and GS are still assigned in the Investigating Office, no replacement eLA shall be issued. An eMOA is sufficient document in referring back the audit case to them for audit trail purposes only.

Whenever a replacement eLA is issued, the Head of the Investigating Office shall send/serve a letter notice, together with the replacement eLA, to the taxpayer indicating the details of the original eLA or LOA, including the serial number and date of issuance informing the taxpayer of the cancellation of the old eLA and the continuance of audit/investigation or conduct of re-investigation under the replacement eLA.

10. Audit of Auditors

To reinforce accountability, promote uniformity, and uphold quality standards in tax examinations, all audit investigation reports and assessment issuances may be subject to a *Revalida*, or "*Audit of Auditors*".

The revalida shall be undertaken by the Tax Audit Review Division to conduct the technical review and evaluation of audit findings, computations, and assessment issuances, subject to the approval of the CIR. The Performance Evaluation Division shall provide support to the Revalida in relation to its functions on performance evaluation, monitoring, and quality assurance of audit outputs, including assessment of compliance with prescribed procedures, timelines, documentation requirements, and audit trail standards.

The findings and recommendations resulting from the Audit of Auditors shall be submitted to the CIR for approval. For cases involving Revenue Regions and Revenue District Offices, the findings and recommendations shall be endorsed by the DCIR-OG. For cases involving the LTS and National Investigation Division, the findings and recommendations shall be endorsed by the DCIR-SRG and DCIR-LG, respectively.

The Revalida shall serve as a quality assurance and compliance review mechanism to ensure that audit findings are factually and legally supported, due process requirements are observed, and assessments are free from material error or procedural defect. Detailed guidelines governing the conduct of Revalida shall be prescribed under a separate revenue issuance.

VI. DOCUMENTATION AND REPORTING REQUIREMENTS

1. Investigation Report

All audit activities conducted under this Order shall be supported by a complete and properly documented Investigation Report (IR), which shall serve as the basis for the issuance of assessment notices, FDDA, or the closure or termination of the audit.

The IR shall contain a clear and concise presentation of the facts, findings, and legal and factual bases of the audit, including the applicable laws, rules, and revenue issuances supporting the recommended assessment or disposition of the case. It shall likewise include a summary of discrepancies, computation of deficiency taxes, and the corresponding recommendations of the RO and GS.

All IRs shall be prepared using the prescribed formats and templates and shall be subject to review and approval by the appropriate reviewing office. No assessment notice shall be issued without a duly approved IRs, except as may be allowed under existing revenue issuances.

The preparation of the IRs shall strictly observe the prescribed checklist of audit requirements and proper documentation of audit activities, including records of meetings, requests for documents, and taxpayer submissions.

2. Case Dockets and Records

All audit cases shall be supported by a complete and properly organized case docket, which shall serve as the official repository of all audit-related information and records.

At a minimum, the case docket shall include: the table of contents; duly issued and served eLA/TVN and related authorities; taxpayer records and submitted documents; working papers and schedules; audit findings and computations; correspondence and notices duly issued and served; records of conferences and discussions; and copies of all assessment notices served and taxpayer responses.

All documents forming part of the docket shall be properly indexed, dated, and signed, where applicable, and shall clearly establish the audit trail of actions taken during the conduct of the audit.
Electronic records generated or maintained through the prescribed BIR system/platform and other applicable BIR systems shall form part of the official case records.

The handling office shall ensure completeness, integrity, safekeeping, and proper transfer of case dockets at all stages of the audit, including assignment, review, referral, consolidation, closure, or archiving of cases.

3. Monitoring and System Recording

All audit cases shall be subject to continuous monitoring to ensure compliance with prescribed timelines, procedures, and audit requirements. Monitoring shall be conducted through the prescribed BIR system/platform that serves as the official platform for tracking the status and progress of audit cases.

ROs, GS, and Heads of Investigating Offices shall ensure that all audit activities, case developments, and status updates are timely, accurate, and completely recorded in the system.

Real-time updating of case status in prescribed BIR system/platform shall be strictly observed, and such updates must be made simultaneously with the corresponding actions reflected in the physical case docket. No audit activity, case development, or status change shall be considered complete unless it is properly recorded in both the system and the physical records, in order to ensure consistency, traceability, and integrity of the audit trail.

In cases where audit reports remain unsubmitted beyond the prescribed period despite the issuance of call-up memoranda or written reminders, the Head of the Investigating Office shall elevate the matter to the concerned office for appropriate action.

The report shall include a statement of all relevant facts, together with supporting documents, such as call-up memoranda, notices, and other communications issued to the concerned RO, to establish the circumstances surrounding the delay.

Compliance with documentation, system recording, and monitoring requirements shall form part of performance evaluation and may give rise to appropriate administrative action under existing laws and revenue issuances.

VII. ADMINISTRATIVE SANCTIONS AND COMPLIANCE MONITORING

All concerned Revenue Officials and personnel shall strictly comply with the policies, procedures, timelines, documentation requirements, and control mechanisms prescribed under this Order and other applicable revenue issuances.

Any violation of the provisions of this Order, including but not limited to improper case selection, unauthorized audit, misclassification of audit cases, failure to update case status in the prescribed systems, unjustified delay in the submission of IR, failure to act on returned cases, or non-observance of prescribed audit procedures, shall constitute a ground for the imposition of appropriate administrative sanctions, without prejudice to civil or criminal liability, where applicable.

Compliance with the requirements on documentation, system recording, monitoring, and timely submission of audit outputs shall form part of the performance evaluation of the concerned RO, GS, and Heads of Investigating Offices.

The imposition of administrative sanctions shall be without prejudice to the reporting, escalation, and referral mechanisms provided under this Order, particularly those involving long-overdue cases, prescribed cases, or persistent non-compliance with audit timelines and procedures.

VIII. REPEALING CLAUSE

All existing revenue issuances, circulars, memoranda, and other administrative order or parts thereof inconsistent with the provisions of this Order are hereby repealed, amended or modified accordingly.

IX. EFFECTIVITY

This Order shall take effect immediately.

[redacted]

CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue