NATIONAL ADMINISTRATIVE REGISTER · FEBRUARY 24, 1993

TAX FRAUD PROGRAM – TAX FRAUD INVESTIGATION FOR CRIMINAL PROSECUTION

BIR REVENUE MEMORANDUM ORDER NO. 16-93, February 24, 1993

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Pursuant to the latest directive of His Excellency, President Fidel V. Ramos, and as discussed in the recent BIR National Tax Conference (1993 Tax Plants and Strategies) held in Bacolod City last February 4, 5 & 6, 1993, intensification of the Tax Fraud Program of the Bureau is hereby directed to be given top priority among its various activities for the year envisioned to effect satisfactory enhancement of voluntary tax compliance nationwide.

In line with this policy, it is likewise directed that an Ad Hoc Tax Fraud Composite Audit Group be formed immediately and tasked principally with the identification, investigation and prosecution of persons and entities found to have evaded the payment of correct internal revenue taxes. The functions and duties of the Ad Hoc Tax Fraud Composite Audit Group to be created shall be as follows:

1. Select, develop and identify tax cases for criminal prosecution;

2. Investigate/examine those selected tax cases developed and identified for criminal prosecution;

3. Coordinate and monitor the investigation of national and regional/district tax fraud cases; and

4. Recommend the necessary measures to strengthen tax fraud investigation and prosecution program of the Bureau, including but not limited to publicity, training, linkages with the executive office and judiciary, etc.

The tax fraud investigation/examination should be undertaken under the following procedures:

1) Initially, a list of the taxpayers' name intended to be investigated/examined should be submitted by the Head Coordinator of the Group to the Commissioner thru either of the two (2) Deputy Commissioners for the approval and issuance of the Letters of Authority.

2) Taxpayers that would be subjected to a detailed audit should comprise a representative number only on an industry - wide basis, including the professionals, taking into account certain criteria, i.e., business size/economic activity and the information at hand which may be the basis of selection, precisely to focus on the seriousness of the campaign against tax evaders/tax dodgers.

3) In the subsequent preparation of the selected or identified taxpayers to be investigated/examined under this program, a preliminary investigation should be conducted to ascertain or determine a prima facie basis of the alleged existence of criminal fraud for a Letter of Authority to be issued and by reason thereof, the veracity or authenticity of the information, records or documents (evidence) in support of the alleged tax evasion scheme or practices should, as much as possible, first be established and the head Coordinator of the Group is directed to determine the validity of the evidence or veracity/authenticity thereof thru all legitimate means possible.

4) In the conduct of the tax fraud investigation/examination, the Group is authorized to seek assistance and cooperation in the retrieval/transmittal of the desired information. Records or documents from any of the offices,

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Divisions or Units of this Bureau and those offices, Divisions or Units are enjoined to act with dispatch with respect to the aforesaid request for assistance and cooperation.

5) A progress report as to the status of the cases assigned should be submitted by the Head Coordinator to the Commissioner thru either of the two (2) Deputy Commissioners after forty-five (45) days from the issuance of Letter of Authority and the case assigned be terminated within the one hundred twenty (120) days period unless otherwise extended on account of supervising causes or founded upon reasonable grounds.

In connection with all the foregoing, the complete report with all the supporting attachments of those selected tax fraud cases that qualified for criminal prosecution should be submitted not later than September 30, 1993.

The Intelligence & Investigation Office, Special Operations Service - thru the investigation Division and Revenue Regions - thru the Revenue District Offices and the Special Investigation Branches should undertake the tax fraud program in accordance with the procedures and guidelines enunciated under Revenue Memorandum Order No. 20-89 dated March 31, 1989. The Tax Fraud Evaluation Committee created by the aforementioned Revenue Memorandum Order No. 20-89 is hereby abolished and the functions, duties, and responsibilities appurtenant thereto are hereby transferred to and absorbed by, the Tax Fraud Composite Audit Group that will be created.

This Order shall take effect immediately.

Adopted: 24 Feb. 1993

(Sgd.) JOSE U. ONG
Commissioner of Internal Revenue

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