

PRESCRIBING THE PROCEDURE ON THE RECEIPT, PROCESSING CONTROL, TRANSMITTAL AND COLLECTION OF RETURNED/DISHONORED CHECKS UNDER THE NEW PAYMENT CONTROL SYSTEM

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I

Objective

This order is issued to amend the existing procedures in receiving, monitoring and collecting returned/dishonored checks received through accredited Banks (NPCs).

This order does not cover dishonored checks received by BIR Collection Officers under the Direct Payment System which shall follow the procedures prescribed under Joint COA-Circular 81-78A Finance Circular 4-81 dated January 30, 1981 as further amended by Revenue Memorandum Order (RMO) No. 52-89 dated December 08, 1989.

II

Procedures

The offices involved and their corresponding duties and responsibilities are enumerated hereunder.

A. Banks-Branch

1. Report and Transmit to their respective Head Offices, Returned/Dishonored Checks received the day following receipt of the checks.

B. Banks-Head Office (BHO)

1) Prepare the Consolidated Report on Returned/Dishonored Checks (BIR Form 12.58) based on the report of the bank's branch/es.

2) Submit the Consolidated Report to the Revenue Accounting Division (RAD) together with the original of returned checks.

3) Deduct from the banks remittances of the collection only the amount of dishonored checks duly acknowledged by the RAD.

C. Revenue Accounting Division (RAD)

1) Received BIR Form 12.58 from BHO.

2) Process the Report on Returned/Dishonored Checks submitted by BHO.

3) Return four (4) duly acknowledged copies of Report to bank's representatives.

4) Record in the books of accounts the amount of returned/dishonored checks.

5) Segregate and transmit returned/dishonored checks by Revenue District Office using Annex A, copy furnished the Regional Director.

6) Record the Returned/Dishonored checks redeemed per monthly List of Dishonored Checks Redeemed from the Revenue District Office under BIR Form No. 1261.

D. Regional Directors

1) See to it that the Returned/Dishonored Checks transmitted to RDO are acted upon immediately and a report of its redemption is submitted to the RAD.

E. Revenue District Office

1) Record the returned/dishonored checks received from the RAD in an index card for each check where all the actions taken pertaining thereto shall be reflected.

2) Notify drawer/taxpayer by issuing the Notice of Dishonor using Annex B.

3.) Issue ATAP in three (3) copies specifying that only cash or manager's checks shall be accepted to redeem the dishonored checks, in case of settlement on first notice.

4) Issue a demand letter to drawer/taxpayer using Annex C advising him/her that unless settlement is made, within 15 days from the receipt of said letter, summary remedies and/or court action shall be enforced without further notice, in case redemption is not made within the time prescribed in the first notice.

5) Issue Warrant of Distraint, Levy and/or Garnishment against the drawer/taxpayer if he fails to respond to the demand letter within the prescribed time or file a case against the taxpayer for issuing a bouncing check.

6) Prepare and submit to the RAD a Monthly List of Dishonored Checks Redeemed under BIR form No. 1261 which should reach the RAD within the first 15 days of the following month.

III

Repealing Clause

The provisions of existing order and other issuances inconsistent herewith are hereby revoked or amended accordingly.

IV

Effectivity

This order takes effect immediately.

Adopted: 03 June 1994

(SGD.) VICTOR A. DEOFERIO, JR.
Acting Commissioner

Annex A

(1) Date

Sir/Madam:

Pursuant to RMO No. _____, there is/are transmitted to you herewith for collection the following returned/dishonored checks involving the total amount of _____:

Name & Address

Drawee Bank

of Taxpayer

Check No.

Amount

Tax Paid

TOTAL

=====

These dishonored checks should be enforced by summary remedies and/or by court action upon refusal to redeem. Those redeemed should be reported to the Revenue Accounting Division in accordance with Section E-6 of the abovestated RMO.

Very truly yours,

Chief, Revenue Accounting Division

Annex B

NOTICE OF DISHONOR

Date

Sir/Madam:

You are hereby notified that (Drawee Bank/Check No.) _____ dated _____ in the amount of _____ issued by you as payment of (Tax Paid) _____ was dishonored for the reason _____.

In view thereof, any proof of payment covered by said check has been cancelled and your liability still subsists as if you have never tendered payment or remittance.

Please settle this account, plus the surcharges, interest and penalties incident to late payment, with this office, (Address) _____ within (5) days from receipt hereof. Only cash or manager's check shall be accepted as settlement of your said tax liability.

Very truly yours,

LIWAYWAY VINZONS-CHATO

Commissioner

By:

Revenue District Officer

Annex C

DEMAND LETTER

Date

Sir/Madam:

This refers to your (Drawee Bank/Check No.) _____ dated _____ in the amount of _____ which was the subject of our Notice of Dishonor dated _____.

Since the tax liability covered by the said check remains unsettled inspite of our previous notice, we are giving you this last opportunity to settle your account, computed hereunder, within (15) days from receipt of this advice, otherwise, this office will enforce collection thru administrative summary remedies without further notice.

Amount per Check _____

_____ Surcharge _____

_____ Interest From _____

To _____

Compromise for late payment _____

Total Amount Due

=====

Very truly yours,

LIWAYWAY VINZONS-CHATO

Commissioner

By: _____

Revenue District Officer

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