



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

15 SEP 2020

Date

REVENUE REGULATIONS NO. 22-2020

SUBJECT: Amending Certain Sections of Revenue Regulations No. 12-1999, as Amended by Revenue Regulations No. 18-2013 and Revenue Regulations No. 7-2018, Relative to the Due Process Requirement in the issuance of a Deficiency Tax Assessment

TO: All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. - Pursuant to the provisions of Section 244, in relation to Section 245 of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are hereby promulgated to amend provisions of Revenue Regulations (RR) No. 12-1999, as amended by RR No. 18-2013 and RR No. 7-2018.

SECTION 2. Amendment. - Section 3 of RR No. 12-1999, as amended by RR No. 18-2013 and RR No. 7-2018, is hereby amended by providing for the preparation of a Notice of Discrepancy, instead of a Notice of Informal Conference. The pertinent provisions of Section 3 of RR No. 12-1999, as amended, shall now read as follows.

"SECTION. 3. Due Process Requirement in the Issuance of a Deficiency Tax Assessment. ---

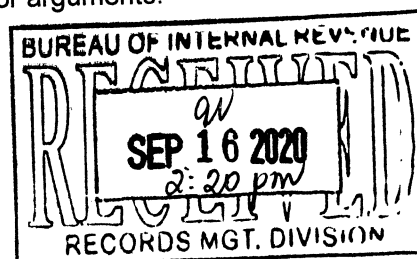
3.1 Mode of procedure in the issuance of a deficiency tax assessment:

3.1.1 Notice of Discrepancy. - If a taxpayer is found to be liable for deficiency tax or taxes in the course of an investigation conducted by a Revenue Officer, the taxpayer shall be informed through a Notice of Discrepancy (Annex A). The Notice of Discrepancy aims to fully afford the taxpayer with an opportunity to present and explain his side on the discrepancies found.

The Revenue Officer who audited the taxpayer's records shall, among others, state in the initial report of investigation his findings of discrepancies.

Based on the said Officer's submitted initial report of investigation, the taxpayer shall be informed, in writing, by the Revenue District Office or by the Assessment Division/Regional Investigation Division, as the case may be (in the case of Revenue Regional Offices) or by the Chief of Division concerned (in the case of the BIR National Office) of the discrepancy or discrepancies in the taxpayer's payment of his internal revenue taxes, for the purpose of the "Discussion of Discrepancy".

The Discussion of Discrepancy shall in no case extend beyond thirty (30) days from receipt of the Notice of Discrepancy. It is during the Discussion of Discrepancy that the taxpayer is given the opportunity to present his side of the case and explain the discrepancy found during the investigation of the Revenue Officer assigned and submit documents to support the explanation or arguments.



If the taxpayer disagrees with the discrepancy/discrepancies detected during the audit/investigation, the taxpayer must present an explanation and provide documents to support his explanation. The documents must be submitted during the discussion. Should the taxpayer need more time to present the documents, he may submit such documents after the discussion. The taxpayer must submit all necessary documents that supports his explanation within thirty (30) days after receipt of the Notice of Discrepancy.

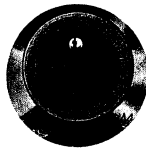
If after being afforded the opportunity to present his side through the Discussion of Discrepancy, it is still found that the taxpayer is still liable for deficiency tax or taxes and the taxpayer does not address the discrepancy through payment of the deficiency taxes or the taxpayer does not agree with the findings, the investigating office, shall endorse the case to the reviewing office and approving official in the National Office or the Revenue Regional Office, for issuance of a deficiency tax assessment in the form of a Preliminary Assessment Notice within ten (10) days from the conclusion of the Discussion.

Failure on the part of Revenue Officers to comply with the periods indicated herein shall be meted with penalty as provided by existing laws, rules and regulations.

xxx xxx xxx"

SECTION 3. Repealing Clause. - Any rules and regulations or parts thereof inconsistent with the provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 4. Effectivity. - The provisions of these Regulations shall take effect after fifteen (15) days following publication in any newspaper of general circulation.



Carlos G. Dominguez
CARLOS G. DOMINGUEZ
Secretary of Finance

SEP 04 2020

Recommending Approval:

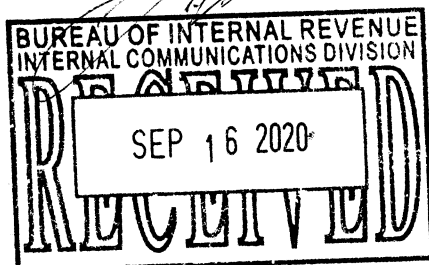
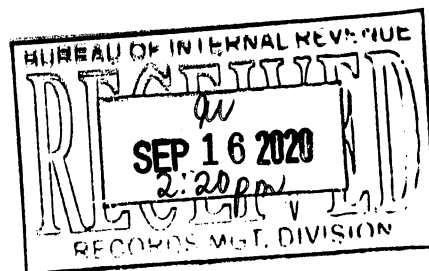
Caesar R. Dulay

CAESAR R. DULAY

Commissioner of Internal Revenue

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Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE



NOTICE OF DISCREPANCY

Date: _____

FULL NAME OF TAXPAYER
ADDRESS
ADDRESS
TIN: 000-000-000-000

Sir/Ma'am:

Please be advised that we have submitted the report of investigation on your internal tax liabilities for taxable year _____ to _____ pursuant to Letter of Authority No. _____ dated _____ to the Revenue District Office/Chief of this office.

The said report includes the details of discrepancies **(ANNEX A)** as a result of the aforesaid investigation. Please take note that this is **NOT YET A DEFICIENCY TAX ASSESSMENT**.

In observance of procedural due process pursuant to Sec. 228 of the National Internal Revenue Code of 1997 (as amended by RA 8424) and Sec. 2 of Revenue Regulations No. 7-2018 dated 22 January 2018, you and/or your authorized representative are invited to a Discussion of Discrepancy at _____ **within five (5) days from the date of receipt hereof** to enable you to present and explain your side on the discrepancies noted by the investigating Revenue Officer.

You may submit at said discussion whatever documentary evidence you may have to reconcile and refute the noted discrepancies.

Your counsel/authorized representative may assist you at this discussion, or may represent you thereat, should you be unable to be present on said date. In the event that you shall be represented by your counsel or any other duly authorized representative, said counsel or representative must be so authorized in writing in accordance with the required authorization document by the BIR.



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Please be advised, however, that failure on your part to appear on the scheduled date of discussion without prior notice to the Bureau, will be construed as a waiver of your right to a discussion of discrepancy and as an indication that you have no objections to the Bureau's findings at this level. Furthermore, failure on your part to reconcile and present valid documentary support against the noted discrepancies will result in the issuance of a deficiency tax assessment.

Accordingly, a Preliminary Assessment Notice (PAN) covering that aforesaid deficiency tax assessment shall immediately be sent to you.

We trust, therefore, that this matter will merit your preferential attention.

Very truly yours,

FULL NAME & Signature

Revenue District Officer/Chief of Investigating Office

Noted by:

Authorized Signatory

Received by:

Full name, position and signature of
Taxpayer or Taxpayer's authorized representative

Contact details: _____

Date of receipt: _____