

[BIR MEMORANDUM ORDER NO. 4-2003, February 20, 2003]

GUIDELINES AND PROCEDURES ON THE PROCESSING OF QUARTERLY SUMMARY LISTS OF SALES AND PURCHASES AND OF THE IMPOSITION OF PENALTIES THEREFOR AS PROVIDED UNDER REVENUE REGULATIONS NO. 8-2002

I. Background

The Bureau of Internal Revenue is reengineering its work processes in order to increase revenue collections and to pursue quality audit by making use of available internal and external information resources. In order to strengthen and enhance its assessment functions, the utilization of information technology has been identified as an effective tool to improve tax administration through the development of the Reconciliation of Listings for Enforcement (RELIEF) System.

The RELIEF System was created to support third party information program and voluntary assessment program of the Bureau through the cross-referencing of third party information from the taxpayers' Summary Lists of Sales and Purchases prescribed to be submitted on a quarterly basis pursuant to Revenue Regulations Nos. 7-95, as amended by RR 13-97, RR 7-99 and RR 8-2002.

The RELIEF System shall cover all VAT taxpayers above threshold limits set by RR 8-2002 to submit Summary Lists of Sales and Purchases in magnetic form based on a prescribed electronic format. The consolidation and matching of information with other externally sourced data will detect underdeclaration of revenues/overdeclaration of cost and expenses, thus resulting to greater tax potential.

II. Objectives

This Revenue Memorandum Order is issued to:

1. Ensure monitoring and immediate processing of data from VAT taxpayers;
2. Delineate the functions of each office/division/unit in the processing of Summary Lists of Sales and Purchases in magnetic form;
3. Provide timely and accurate reports for audit and other management purposes;
4. Provide concerned office data for accurate processing of VAT credit/refund; and
5. Enforce the imposition of administrative sanctions and the filing of criminal cases for non-compliant taxpayers.

III. Definition of terms

The following terms shall be used in this Order as follows:

1. *Magnetic Form* — refers to a 3.5 inch floppy diskette.
2. *"Good" diskette* — refers to a diskette which is free from virus(es) (GD), whose files are readable by the system, conform with the prescribed electronic format, validated and successfully uploaded to RELIEF system.
3. *"Defective" diskette* — refers to a diskette which is infected with virus(es) (DV), and/or whose files are inaccessible or not readable by the system (DR) and/or whose data files have invalid formats (DF) which do not conform with the prescribed electronic format.
4. *Regular buyers/customers* — refer to buyers/customers engaged in business or exercise of profession with whom the taxpayer had transacted at least six (6) transactions in the previous year or current year, regardless of amount of sale per transaction.
5. *Casual buyers/customers* — refer to buyers/customers who are engaged in business or exercise of profession with individual purchase/transaction amounting to one hundred thousand pesos (P100,000) or more but did not qualify as regular buyers/customers.
6. *Taxable quarter* — means the quarter that is synchronized to the income tax quarter of the taxpayer, i.e., calendar or fiscal quarter.
7. *Secure area* — an area which is free from dust and moist to preserve the life of diskettes and must be protected from any unauthorized use or loss of diskettes.
8. *File* — refers to one transaction type (sales, local purchases, and importation) per month.

IV. Policies

1. The Quarterly Summary List of Sales and Purchases (SLSP) shall be received from VAT taxpayers in magnetic form. Hence, hard copies of SLSP need not be submitted. VAT taxpayers with quarterly sales/receipts exceeding two million five hundred pesos (P2,500,000) shall submit quarterly Summary List of Sales while those VAT taxpayers with quarterly total purchases exceeding one million pesos (P1,000,000) shall submit quarterly Summary List of Purchases. Only the Summary List of Sales will be submitted when the VAT taxpayer reaches the threshold amount for sales. On the other hand, only Summary List of Purchases will be submitted when the VAT taxpayer reaches the threshold for purchases.
2. Determination of the threshold amount would include taxable (net of VAT), zero-rated and exempt transactions. Once the threshold amount is reached for sales or purchases, the VAT taxpayer shall be required to submit the summary lists for the next three (3) succeeding quarters, regardless of whether or not such succeeding taxable quarter sales or purchases exceed the threshold amounts.

3. The Quarterly SLSP shall be submitted to the RDO, LTDO or LTAD having jurisdiction over the taxpayer on or before the due date for filing of VAT return which is the twenty-fifth (25th) of the month following the close of the taxable quarter — calendar or fiscal quarter in an electronic format using either excel format, taxpayer's own extract program or the data entry module developed by the Bureau. If the electronic data is produced using excel program or taxpayer's own extract program, the same should be validated using the validation module developed by the BIR.
4. The Quarterly Summary List of Sales must contain the monthly total sales generated from regular buyers/customers as well as from casual buyers/customers with individual sales amounting to one hundred thousand pesos (P100,000) or more as defined in Section III (4) and (5) hereof.
5. Failure to indicate the TIN of the buyer in the schedule of sales would not have any effect on the seller but may be a ground for the audit of the records of the buyer or both the buyer and the seller.
6. The Quarterly SLSP shall contain the consolidated monthly sales/purchases per customer/seller which shall be alphabetically arranged while the Quarterly Summary List of Importation must be chronologically arranged on a per individual transaction for each month of the taxable quarter. The detailed contents of SLSP is provided in Revenue Memorandum Circular No. 24-2002.
7. Only good diskettes upon submission shall be considered filed/submitted. Defective and partially defective diskettes submitted before the deadline must be replaced on or before the deadline. However, defective and partially defective diskettes submitted on deadline shall be considered late. Taxpayers must resubmit/replace defective diskettes within five (5) working days from the date of return. Failure to submit/replace the SLSP in magnetic form is punishable under the pertinent provisions of the Tax Code and regulations, and shall trigger an audit.
8. The number of electronic files transmitted to RDC/ISOS-DC shall be counted based on the transaction type per month — one transaction type per month is considered one file. Transaction types are sales, local purchases, and importation.
9. An administrative penalty of one thousand pesos (P1,000) for each failure but not to exceed the aggregate amount of twenty-five thousand pesos (P25,000) for all such failures during a taxable year shall be imposed to VAT taxpayers for neglect to file, keep or supply statement, list, or information required on the date prescribed and shall be paid upon notice and demand by the CIR. For this purpose, the failure to supply the required information for each buyer or seller of goods or services shall constitute a single act or omission.
10. In addition to the imposition of the administrative penalty, willful failure by such person to keep any record and to supply the correct information at the time or times as required, shall be subject to criminal penalty under the relevant provisions of the Tax Code of 1997, upon conviction of the offender.

11. The imposition of any of the penalties under the Tax Code of 1997 and the compromise of the criminal liability on such violations, notwithstanding, shall not in any manner relieve the violating taxpayer from the obligation to submit the required documents.
12. All the required reports shall be submitted electronically through e-mail facility and shall likewise be acknowledged using the same facility by the concerned offices. For non-computerized districts, reports shall be transmitted in diskettes.
13. Unauthorized divulgence or retrieval of RELIEF data and/or other TPI data by any revenue official/employee shall be referred to the concerned offices for imposition of administrative sanctions and filing of appropriate charges.

V. Procedures

A. Revenue District Office/Large Taxpayers District Office/Large Taxpayers Assistance Division (LTAD), National Office

A.1 The Taxpayer Service Section shall:

1. Receive SLSP diskettes from VAT taxpayers together with duly filled out Diskette Acknowledgement Report (ANNEX A-1^[*]) in two copies. In case of replacement diskette, the previously filled out Diskette Acknowledgement Report must be re-submitted for easy reference.
2. Verify timeliness of submission and the completeness of taxpayer's information (e.g., RDO Code, TIN, registered name, contact person, owner's telephone number, month and year of the submitted listings, and filenames contained) in the diskette stick-on label. Impose the corresponding penalty for late submission of SLSP.
3. Assign control number in the Diskette Acknowledgement Report and record the taxpayer's information in the Diskette Register (Annex A-2^[*]). Assigning of control number must be done in the following manner:

RDO Code	- first three (3) digits
R	- to represent RELIEF
Year	- next two (2) digits
Month	- next two (2) digits
Day	- next two (2) digits
Serial Code	- last five (5) digits

If RDO Valenzuela received the first SLSP diskette on August 25, 2002, the control number would be:

024-R-02-08-25-00001

The concerned office has the option to use the excel format or other record book in accomplishing the Diskette Register. For those who choose