

**[ BIR REVENUE MEMORANDUM ORDER NO. 56-99,  
July 12, 1999 ]**

**EXEMPTION FROM REVENUE MEMORANDUM ORDER (RMO) NO.  
53-98 ON MANDATORY REPORTING REQUIREMENTS AND ON  
RMO NO. 38-88 ON REVALIDATION OF LETTERS OF AUTHORITY  
FOR CASES UNDER INVESTIGATION BY SPECIAL TEAMS UNDER  
THE ENFORCEMENT SERVICE**

*I. Policy Considerations*

In view of the Bureau's desire to improve the quality of investigation of tax cases, Special Teams under the Enforcement Service were created primarily to study certain industries and/or tax loopholes in order to come-up with audit procedures and techniques that would properly take into account the industry's peculiarities, distinct accounting practices and the nature of the transactions involved.

Toward this end and in order to attain the above objectives, it is but necessary to require a different set of reporting requirements and procedures that would give more emphasis and consideration on the distinct practices and business transactions of the industries covered. Hence, the mandatory reporting requirements under RMO 53-98 and the 120-day rule on the revalidation of Letters of Authority under RMO 38-88 shall no longer be applicable to the cases covered by these Special Teams.

This year, policy cases include. (a) the banking industry; (b) the insurance industry, and the (c) interrelated group of companies.

*II. Policy Statement*

In view thereof, it is the policy of this Bureau to exempt the reports of Special Teams from RMO 53-98 and RMO 38-88 given the reasons mentioned hereunder:

1. some mandatory requirements required under RMO 53-98 are not applicable to the industries under audit;
2. in order to give more time to Revenue Officers to concentrate on studying deeper the practices of the industry rather than on trying to comply with the required reporting requirements that may not have any bearing at all in increasing collection or improving the quality of the audit or review;
3. given the limited time within which to complete the audit and considering further the complex nature of the industries and/or tax issues and the voluminous transactions involved, it is highly improbable to comply with such stringent reporting requirements without hampering the quality of the investigation and the completion of the operation.