

**[BIR MEMORANDUM ORDER NO. 7-95, February
08, 1995]**

**PRESCRIBING THE PROCEDURES IN THE
AUDIT/INVESTIGATION OF CASES COVERED BY THE THIRD
PARTY INFORMATION PROGRAM OF THE ASSESSMENT SERVICE**

I.
Objectives

1. To identify potential taxpayers for audit based on third party information.
2. To continue the compliance activity on all third party information cases.

II.
Background

In September, 1994, third party information cases based on the Internal Revenue Service (IRS) Exchange Information Program were forwarded to the concerned Revenue District Offices (RDO) for audit/investigation. All these cases involve taxable year 1991 which will prescribe on April 15, 1995. Furthermore, the Assessment Service has identified potential taxpayers for audit based on data obtained from local sources.

III.
Guidelines and Procedures

Revenue District Office

1. Upon receipt of the third party information, the RDO shall locate the corresponding income tax returns (ITR) of the taxpayers. For the IRS Exchange of Information cases, check taxpayers' records for both Forms 1701 and 1710C.
2. If no tax return can be found within the District Office, the RDO shall contact the taxpayer personally or in writing at the given address informing him that the records of the RDO show that no return has been filed in his name. If necessary, a follow-up letter shall be sent within fifteen (15) days from the date of the first letter.

Simultaneously, the RDO shall check the taxpayers' records with the Information Systems Operations Service (ISOS). The ISOS shall act on the request within two (2) working days from receipt of the request. In addition, the RDO shall tap the following information sources:

MERALCO
PLDT
MWSS
SSS

LTO
SEC
REGISTER OF DEEDS
OTHER SOURCES