



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

12 May 2010

**REVENUE MEMORANDUM ORDER No. 44-2010**

**SUBJECT:** Electronic issuance of Letters of Authority

**TO:** All Internal Revenue Officials, Employees and Others Concerned

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**I. BACKGROUND**

In accordance with the tax computerization endeavors of the Bureau of Internal Revenue (BIR), efforts are under way to expand the functionalities of the Letter of Authority Monitoring System (LAMS). A number of manual procedures, therefore, are being automated in order to improve operational efficiency and provide management with up-to-date information on audit activities. Among the more significant developments in these endeavors is the electronic issuance of Letters of Authority (LAs) mandating the investigation of taxpayers by the BIR's various investigating offices, Task Forces, and Special Teams.

Given the significant changes that such an automation process shall introduce into the BIR's audit activities, it is imperative that specific policies and guidelines be issued to govern such electronic issuance of LAs.

**II. OBJECTIVES**

This Order is being issued in pursuit of the following objectives:

1. To prescribe the documentary requirements and enhanced automation procedures for the issuance of LAs in all investigating offices under the Regional Offices, the Large Taxpayers Service (LTS), the Enforcement Service (ES), and the various Task Forces and Special Teams authorized by the Commissioner of Internal Revenue to conduct audit investigations; and,
2. To provide the policies and procedures relative to the use of the LAMS, and to secure the integrity and credibility of the issuance of electronic LAs.

**III. FEATURES OF THE ELECTRONIC LA**

1. The electronic LA (Annex "A" hereof) shall bear the name, designation and electronic signature of the approving BIR official, as follows:

**Investigating Office**

- Revenue District Office
- LTS and its Divisions

**Approving Official**

Regional Director  
Assistant Commissioner (ACIR) – LTS

**Investigating Office**

**Approving Official**

- ES and its Divisions
  - Task Forces and Special Teams
2. The serial number of an electronic LA shall be system-generated, while the date of the LA shall reflect the date when it was printed. All electronic LAs shall be printed in triplicate, and distributed as follows:
- |                 |   |                                       |
|-----------------|---|---------------------------------------|
| Original Copy   | - | Taxpayer                              |
| Duplicate Copy  | - | To be attached to the case docket     |
| Triplicate Copy | - | File copy of the investigating office |
3. The names of the Revenue Officers (ROs) assigned to a particular case shall be printed on the corresponding electronic LA. The first name on the space provided shall be the lead RO.
4. The tax types and taxable period to be covered by the audit shall be reflected on the electronic LA.
5. The basis for the audit (i.e. regular audit program, special audit, etc.) shall be indicated in the LA.
6. Any manually-written character (alphabetical or numeric), notation or erasure shall render the LA invalid.
7. The electronic LA shall contain a notation stating that the taxpayer is requested to verify the validity of the LA with the authorized BIR official, at the address and contact information provided therein.

**IV. POLICIES AND GUIDELINES**

1. All concerned BIR officials and employees shall make use of the facilities of the LAMS in the filing, processing and approval of requests for issuance of electronic LAs, as well as the generation / printing of the same.
2. No manually-prepared LA shall be issued after the date of effectivity of the 2010 Audit Program.
3. Upon the approval of the request for LA, the head of the investigating office concerned shall generate and print the electronic LA.
  - 3.1. Electronic LAs for special audit cases that shall be undertaken by the Task Forces / Special Teams shall be generated and printed by the Office of the Commissioner, or any other designated Office.
4. The existing policies on the selection, approval and assignment of audit cases that are prescribed in the Audit Program, or any special order, shall be observed.

5. The electronic LA shall be served by any one of the ROs whose names appear on the LA.
6. The heads of the investigating offices / Task Forces / Special Teams shall direct and monitor the actions of their ROs relative to the service of the electronic LAs to the concerned taxpayers, and the updating of the case records through the LAMS.
  - 6.1. All BIR officials and employees who will be given security access to the LAMS must exercise the utmost care and vigilance, in order to prevent the unauthorized use of the system.
7. In the event that, in the course of the processing of a request for issuance of an electronic LA submitted by an investigating office, it should be determined that a valid LA has been previously issued by another investigating office for the same taxpayer covering the same tax type(s) and taxable period, the resolution of which investigating office shall handle the audit shall be determined by the Commissioner of Internal Revenue, or the designated official.
8. Beginning June 1, 2010, the rule on the need for revalidation of LAs for failure of the revenue officials to complete the audit within the prescribed period shall be withdrawn. Accordingly, there is no need for revalidation of the LA even if the prescribed audit period has been exceeded. However, the failure of the RO to complete the audit within the prescribed period shall be subject to the applicable administrative sanctions.
9. Any unauthorized departure or violation of any provision of this Order shall be referred to the Inspection Service, for the institution of the appropriate disciplinary sanctions against the concerned BIR official(s) and / or employee(s).

**V. REPEALING CLAUSE**

The provisions of existing issuances that are inconsistent herewith are hereby repealed, amended or modified.

**VI. EFFECTIVITY**

This Order shall take effect immediately upon the approval and issuance of the 2010 Audit Program.

  
**JOEL L. TAN-TORRES**  
Commissioner of Internal Revenue