



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE  
Quezon City

BUREAU OF INTERNAL REVENUE  
RECORDS MGT. DIVISION

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JUN 14 2016

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June 13, 2016

REVENUE MEMORANDUM ORDER NO. 26-2016

**SUBJECT** : Policies and Guidelines in Handling Disputed Assessments.

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

**I. OBJECTIVES**

In line with Section 228 of the National Internal Revenue Code, as amended, and pursuant to Revenue Regulations No. 18-2013 which amends certain Sections of Revenue Regulations No. 12-99 relative to the Due Process Requirement in the issuance of a deficiency tax assessment, this Order is hereby issued to prescribe policies, uniform guidelines and procedures in handling disputed assessments, and in issuing Final Decision on Disputed Assessment (FDDA) and revision thereof by the Commissioner of Internal Revenue.

**II. POLICIES AND GUIDELINES**

1. A taxpayer must be given an opportunity, if he/she/it so chooses, to explain his/her/its objection to an assessment and present necessary document in support his/her/its objection, before a FDDA is issued.
2. Protest against Preliminary Assessment Notice (PAN) is optional/not mandatory.
3. Formal Letter of Demand and Final Assessment Notice (FLD)/(FAN) shall be issued fifteen (15) days from date of receipt by the taxpayer of the PAN, whether the same was protested or not.

4. If the taxpayer shall upon receipts of the PAN, accepts and pays the assessment either partially or fully, a FLD/FAN shall be issued to formalize the assessment, and Payment Form 0605 shall be duly prepared, filed and paid to acknowledged and provide evidence for the settlement of the assessment or portion of the assessment paid.
5. Within thirty (30) days from receipt of the FLD/FAN, the taxpayer shall either:
  - a. Accept the assessment, fully or partially, and pay the amount due on the assessment accepted, or
  - b. Protest the assessment fully or partially by filing either of the following remedy, and the filing of one precludes the filing of the other remedy:
    - i. Request for Reconsideration if the taxpayer is not going to submit any other additional evidence or documents and merely pleas for a re-evaluation of an assessment;
    - ii. Request for a Reinvestigation on the basis of newly discovered evidence or if the taxpayer intends to present or submit additional evidence or documents.
6. After the issuance of the FAN/FLD, the taxpayer accepts and settle/pays the assessment in full, Payment Form 0605 shall be duly prepared, filed and paid as evidenced of the settlement of the assessment. If the taxpayer accepts and settle/pays the assessment in part, and protest the remaining portion, Payment Form 0605 shall be prepared, filed and paid for that portion of the assessment accepted and settled, and a FDDA shall be issued for the portion of the assessment not settled and resolved. For that portion of the assessment resolved in favor of the taxpayer, an Authority to Cancel Assessment (ATCA) shall be prepared to evidence the cancellation of the assessment.

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7. If a request for Reinvestigation was made, the taxpayer shall submit all the relevant supporting documents in support of his/her/its protest within sixty (60) days from the date of the filing of the taxpayer's letter of protest. Evaluation of the protest shall be based exclusively on the documents submitted within this period, and no further document shall be accepted after the expiration of the said period. The assessment shall become final and executory in the event the taxpayer fails to submit the relevant supporting documents within this 60 days period, and a Collection Letter and other collection remedies such as but not limited garnishment, warrant and levy shall be issued against the taxpayer.
8. All decisions on protest to the FAN, whether the taxpayer's protest is accepted or denied partially or wholly, shall be communicated to the taxpayer through the issuance of a Final Decision on a Disputed Assessment (FDDA).
9. All protest shall be considered a request for reconsideration, unless said protest clearly indicates that the request is for reinvestigation.
10. A request for Reinvestigation shall be available in a protest to a FAN/FLD only. After the issuance of a FDDA, a request for Reinvestigation shall no longer be available as a taxpayer remedy.
11. If the protest is not acted upon by the Commissioner's duly authorized represented within 180 days counted from the date of the filing of the protest in the case of a request for reconsideration, or from the lapse of the 60 days period to submit relevant document in the case of a request for reinvestigation, and the taxpayer appeals to the Court of Tax Appeal within 30 days after the expiration of the 180 days period, an FDDA shall be issued automatically.
12. All the periods provided for under RR No.18-2013 is mandatory and non-extendible
13. After the issuance of the FDDA, the taxpayer may accept and settle the assessment contained therein, partially or fully. Payment Form 0605 shall be prepared, filed and paid for the assessment accepted and settled by the taxpayer. If the FDDA were issued by the Commissioner's duly authorized

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representative, the taxpayer shall within thirty (30) days from receipt of the FDDA file a motion for reconsideration with the Commissioner of Internal Revenue or appeal to the Court of Tax Appeal. In appealing the protest to the Court of Tax Appeal, the taxpayer shall manifest and state that the appeal pertains only to the portion of the FDDA not settled and paid and attached to their appeal a copy of the duly filed and paid Payment Form 0605.

14. Appeal to the Commissioner or to the Court of Tax Appeal of the FDDA, shall not preclude the taxpayer from voluntarily settling the assessment, partially or fully. Payment Form 0605 shall be duly prepared, filed and paid and the taxpayer shall manifest before the Court of Tax Appeal the fact of settlement of the assessment, partially or fully, present the duly filed and paid Payment Form 0605, and file a motion for dismissal with prejudice as to the assessment or portions thereof that has been settled and paid on the ground that the appealed disputed assessment has become moot and academic.

15. An assessment shall become final, executory and demandable due to, among others, the following grounds:

- a. Failure of the taxpayer to file a valid protest within thirty (30) days from receipt of the Formal Letter of Demand and Final Assessment Notice (FLD/FAN);
- b. Failure of the taxpayer to submit all relevant documents in support of his protest by way of request for reinvestigation within sixty (60) days from the date of filing thereof;
- c. Failure of the taxpayer to appeal to the Commissioner of Internal Revenue or the Court of Tax Appeals (CTA) within thirty (30) days from date of receipt of the FDDA issued by the Commissioner's duly authorized representative;
- d. Failure of the taxpayer to appeal to the CTA within thirty (30) days from date of receipt of the FDDA issued by the Commissioner;;
- e. Failure of the taxpayer to timely file a motion for reconsideration or new trial before the CTA Division; or failure to appeal to the CTA En Banc and Supreme Court based on existing Rules of Procedure; or

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- f. Failure of the taxpayer to receive any assessment notices because it was served in the address indicated in the BIR's registration database and the taxpayer transferred to a new address or closed/ceased operations without updating and transferring its BIR registration or cancelling its BIR registration as the case may be, through the accomplishment and filing of BIR Form No. 1905- Application for Registration Information Update, as prescribed by pertinent issuance and/or amendments thereto.

**III. REPEALING CLAUSE**

All revenue issuances and portions thereof inconsistent with this Order are hereby amended or repealed accordingly.

**IV. EFFECTIVITY**

This Order shall take effect immediately.

*[Signature]*  
**KIM S. JACINTO-HENARES**  
Commissioner of Internal Revenue

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