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

September 16, 2002

REVENUE MEMORANDUM ORDER NO. <u>29-2002</u>

SUBJECT: Revised Procedures in the Processing and Approval of Applications for Permit to Adopt Computerized Accounting System (CAS) or Components Thereof Amending RMO 21-2000

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

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I.   OBJECTIVE

This Order is issued to further prescribe policies, guidelines and procedures as well as define duties and responsibilities relative to the processing and approval of applications for Permit to Adopt Computerized Accounting System or Components Thereof.

II.   DEFINITION OF TERMS

For purposes of this Order, the following definitions are provided:

A.   **Affiliated Corporations.** This means that two or more organizations are allied with or closely connected with one another, or with a central body but each organization continues to exist. It does not bear the construction that one of the "affiliated" organizations is in all particulars identical with or covered by the parent or main organization with which it is affiliated**.**

B.   **Branch.**   A fixed establishment in a locality which conducts operation of the business as an extension of the principal office with at least one tax type.

C.   **Computerized Accounting System [CAS].** The integration of different component systems to produce computerized books of accounts and computer-generated accounting records and documents. For purposes of this issuance, it shall also refer to applications for the use of any or all of the CAS components.

D.   **Component of CAS.** Any system application adopted to generate accounting records, reports and/or documents.

E.   **Computerized Books of Accounts.**   These refer to books of accounts such as General Ledger, General Journal, Sales Book, Purchase Book, Disbursement Book, etc., which are systems generated.

F.   **Computer Generated Accounting Records.** This refers to official receipts, sales and cash invoices, cash vouchers, journal vouchers, billing statements, sales tickets and other underlying accounting records.

G.   **Computer Generated Receipts and Invoices.**   These are part of accounting records which are generated by the system with a capacity to produce sequential range of numbers.

H.   **Computer Generated Subsidiary Accounting Records**. These refer to Cash Receipt Book, Cash Disbursement Book, Accounts Payable Book, Accounts Receivable Book, Debit/Credit Memo Book and other underlying subsidiary accounting records being generated under a computerized system.

I.   **CRM/POS Machines Linked to CAS.** This refers to Cash Register Machines (CRM)/Point of Sale (POS) Machines that are electronically connected to a CAS or to a central server via network.

J.   **Database.** A collection of information organized in such a way that a computer program can quickly select desired pieces of data.

K.   **Development Software.**   Programs used to compile, interpret and assemble many sort of programming languages.

L.   **Disaster Recovery Procedure (DRP), Backup and Recovery Strategy.** A routine of procedures to restore from backup losses due to natural disasters, loss of power, internal sabotage or any form that can damage components of a computerized system.

This describes how an organization is to deal with potential and/or actual disasters; i.e., plan consisting of precautionary and remedial actions to be undertaken to minimize, maintain and /or immediately resume mission-critical functions in case of potential and/or actual disasters.

M.   **Electronic Archive.** A copy of files in a long-term storage medium for back-up/retention purposes.

N.   **Functional Description.**   This refers to documents showing a high level description of the functions and features of a computerized accounting system under evaluation.

O.	**Global System.** Refers to a system which is simultaneously used by a taxpayer for its Head Office and Branches worldwide.

P.	**Head Office.** This refers to the principal place of business as appearing in the Articles of Incorporation. In the case of individual, the head office shall be the principal place of business where the main books of accounts and other related accounting records are kept and maintained.

Q.	**In-House/Customized CAS.** This refers to the accounting system developed internally in accordance with prescribed user requirements.

R.	**Large Taxpayer.** This refers to a taxpayer who has been classified and duly notified by the Commissioner of Internal Revenue as a Large Taxpayer (regular and excise) for having satisfied any or a combination of the set criteria as to tax payments, financial condition, and results of operations as prescribed in Revenue Regulations No. 1-98 and Section 245 of the NIRC of 1997, including amendatory provisions of law and regulations.

S.	**National System.** Refers to a system, which is simultaneously used by a taxpayer for its head office and branches nationwide.

T.	**Off-the-Shelf**. This refers to a ready-made software or solution that is readily available in the market to support the business requirements of an establishment/company. It is also called packaged software.

U.	**Pre-printed Invoices/Receipts.** Sequentially pre-numbered receipts/invoices with approved Authority to Print (ATP) reserved for systems downtime.

V.	**Process Flow**. This refers to the flow of procedures presented in diagram form.

W.	**Regular Taxpayer**. This refers to a taxpayer that has not been classified and notified as a large taxpayer pursuant to Sec. 245 of the Tax Code of 1997 and Revenue Regulations No. 1-98, including amendatory law and regulations.

X.	**Sales or Commercial Invoice.** This is a written account of goods sold or services rendered and the prices charged therefor used in the ordinary course of business evidencing sale and transfer or agreement to sell or transfer of goods and services. For this purpose, Sales or Commercial Invoices shall be limited to the following:

X.1. **Cash Sales Invoice**. This is an invoice issued for every transaction involving sale or transfer of goods or rendition of

services whether the same is paid in cash, check, or any other similar mode of payment.

X.2. **Charge sales invoice.**   This is an invoice issued for every transaction involving sale or transfer of goods/rendition of services but the payment or consideration of which is on deferred or account basis.

X.3 **Official Receipt.**   A receipt issued for the payment of services rendered or of goods sold on account.

Y.   **Stand alone CRM/POS Machines –** are those that can run independently from CAS.

Z.   **System Demonstration**.   This refers to the presentation of the actual use of an accounting system or any of its components either on a test or production environment.

AA.   **System Enhancement.** Any change or modification in the system software or architecture components of a computerized application system that will add value or further improve the system.

BB.   **System Flow.** This represents the inputs, outputs and processes of a system.

CC.   **System Generated Number.**   Number generated automatically by a computerized system used in reference to a particular accounting document.

III. SCOPE OF IMPLEMENTATION

A. All taxpayers engaged in business, whether classified as regular or large taxpayers**,** who have Computerized Accounting System or components thereof shall apply for permit prior to its use.

B. Components of Computerized Accounting System shall be the following:

1.   General Journal and other subsidiary records except General Ledger. (Note: It shall be mandatory to apply for permit to adopt a complete CAS instead of applying a permit for General Ledger only);

2.   Sales,   Purchases,   Accounts Receivable, Accounts Payable, Inventory, Payroll ledgers, subsidiary ledgers and other accounting records;

3. Any application system which generates subsidiary ledger which is part of official accounting documents such as official receipts [OR], sales and cash invoices, cash vouchers, journal vouchers, billing statements, sales tickets, etc.;

4. Any application system which generates report as required by the BIR (e.g., a separate report for void and suspended transactions to explain the deduction from sale, compilation of their Integrated /consolidated sales report produced every end of the day); and

5. Point of Sale (POS) machine/Cash Register Machine (CRM) connected thru a network or linked to CAS.

C. Taxpayer applying for e-invoicing system shall apply for a complete CAS provided the system is capable of generating hard copy of the invoice anytime*.*

IV. *COMPUTERIZED SYSTEMS EVALUATION TEAM (CSET)*

A. For purposes of this Order, a Computerized System Evaluation Team [CSET] shall be created in the National Office and Regional Offices. The CSET shall convene at least twice a month to conduct the appropriate evaluation and recommend the approval of applications to adopt Computerized Accounting System [CAS] or components thereof. The CSET shall be composed of the following members:

1. National Office

Group I

Head	:	Chief, Large Taxpayers Assistance Division (LTAD) I
Asst. Head	:	Chief, Computer Operations, Network and Engineering Division (CONED) - Information Systems Operations Service Data Center (ISOS-DC)
Members	:	Representative of Information Systems Operations Service – Data Center (ISOS-DC) Representative of LTAD I Representative of Large Taxpayers Audit and Investigation Division I

Group II

Head	:	Chief, Large Taxpayers Assistance Division (LTAD) II
Asst. Head	:	Chief, CONED - ISOS-DC
Members	:	Representative of ISOS-DC

Representative of LTAD II
Representative of Large Taxpayers Audit and Investigation Division II

    2. Large Taxpayers District Office (LTDO)

Head	:	Concerned Large Taxpayer District Officer
Asst. Head	:	Chief, CONED of the nearest RDC (As determined by DCIR, ISG)
Members	:	Representative of concerned RDC Representative of Assessment Section of the LTDO Representative of Taxpayer Service Section of the LTDO

    3. Regional Office/Revenue District Office (RDO)

Head	:	Concerned Revenue District Officer
Asst. Head	:	Chief, CONED of the Revenue Data Center (RDC) concerned
Members	:	Representative of concerned RDC Representative of Assessment Section of the RDO Representative of Taxpayer Service Section of the RDO

B. CSET shall refer for resolution legal issues that may arise in the course of their evaluation of the application for CAS to Law Division in the National Office or Legal Division in the Regional Offices.

C. Travel allowance or provision of service vehicle in shuttling CSET members to and from the taxpayer's site, per diem and other related expenses for training, briefing, system demonstration, and ocular inspection shall be allocated and made available for the use of CSET.

CSET member shall secure a Certificate of Appearance from the taxpayer for any task undertaken at the taxpayer's site.

D. A workshop shall be undertaken by the Human Resource Development Service (HRDS) in coordination with the Operation and Information Systems Groups to orient both the technical and the functional groups on the scope, substance and evaluation of CAS.

A group of Revenue Officers (ROs) from the Large Taxpayers Assistance Divisions I & II and Taxpayer Service Section and Assessment Section of the LTDOs and Revenue District Offices shall be trained in this workshop. Furthermore, these ROs shall undergo on-the-job training in the evaluation of CAS on a rotation basis.

E. ROs who shall observe the taxpayer's system demo, shall act as trainers/coaches of other ROs relative to the evaluation of applications for the use of CAS and/or components thereof and other functions relative to the use of CAS.

V. POLICIES

A. All applications for CAS, whether by Head Office or branches, shall be filed by the Head Office at LTAD I or II, LTDO and RDO having jurisdiction over the Head Office except in the following cases:

   1. In case the branch adopts CAS ahead of the Head Office, the application shall be filed by the Branch with the RDO having jurisdiction over the branch with a certification that the Head Office does not use a CAS. In the event that the Head Office later adopts the same CAS and the branch with a previously issued permit shall be linked to it, the permit to be issued to the Head Office shall include a new permit for the said branch, which shall supersede the previously issued permit.

   2. In case the branch adopts a different CAS from that of its Head Office, it shall apply for permit to adopt CAS at the BIR office having jurisdiction over the branch.

B. Affiliated companies, sister companies, franchisees and closely held corporations shall secure separate permits for the use of CAS at LTAD I or II, LTDO or RDO. This requirement is without regard whether they are sharing a server and using exactly the same system previously approved for use by its mother company or other sister companies.

C. Actual systems demo shall be dispensed with in cases of application for CAS of the following taxpayers provided a photocopy of the permit previously issued and a certification of the approved system from the concerned CSET Technical Team shall be submitted:

   1. Head Office applying for CAS of additional branch/es.

   2. Branch adopting the same system being used by another branch with previously issued permit.

3. Affiliated companies, sister companies, franchisees and closely held corporations using exactly the same system previously approved for use by its mother company or other sister companies.

D. Taxpayers whose CAS are provided by their consultants (i.e. accounting firms) shall apply for a separate permit for the use thereof. Taxpayers whose CAS is being outsourced to an accounting firm shall be required to keep and maintain copies of its book of accounts (whether in soft or hard copies) and other related accounting records and documents in its place of business.

E. Taxpayer applying for CAS or components thereof without computer generated receipts and invoices shall apply for Authority to Print (ATP) for his official receipts, invoices and the like following prevailing rules and procedures on the issuance of ATP.

F. Application for use of Point of Sale (POS) Machine/Cash Register Machine (CRM) linked to CAS shall be processed following the provisions of this RMO.

Application for use of stand-alone (not linked to CAS) POS Machine/CRM shall be processed under the provisions of RR 10-99 or any later regulations that may be issued amending RR 10-99.

G. Taxpayers who opt to maintain a pool of CRM/POS Machines in their business operations during peak season (stand-by/roving machines) shall identify such in their applications. These machines shall be treated as Head Office machines and shall be issued permits by LTAD I or II, LTDO or RDO having jurisdiction over the Head Office. Only CRM/POS Machines belonging to the pool shall be allowed to be transported for use in the branches or to any place of business of the taxpayer.

Transfer to the taxpayer's branch/es of CRM/POS machines belonging to the pool shall be subject to the approval of LTAD I or II, LTDO or RDO having jurisdiction over the Head Office which shall then inform the Branch/es RDOs where the machines shall be used.

H. In evaluating application for CAS by Head Office involving branches located outside the jurisdiction of the BIR concerned office having jurisdiction over the Head Office, the concerned CSET shall coordinate and refer to the other CSET having jurisdiction over the branch/es the evaluation of the CAS of the branch/es concerned. The results of the cross RDO evaluation of the branch/es' CAS shall be submitted to the CSET having jurisdiction over the Head Office which shall recommend approval/disapproval for issuance of permit to use CAS. The RDO having jurisdiction over the head office of the taxpayer shall issue to the said taxpayer-head office the applied permit for the branch.

I. Permit to adopt CAS and/or components thereof shall be issued to the taxpayer within the following period:

Application not requiring systems demo and no cross RDO evaluation	*10 days*
Application not requiring systems demo with cross RDO evaluation	*20 days*
Application requiring systems demo with no cross RDO evaluation	*30 days*
Application requiring systems demo with cross RDO evaluation	*40 days*

J. Stickers for CRM/POS Machine linked to CAS to be used by the branch/es shall be issued by the BIR office having jurisdiction over the branch/es upon presentation by the taxpayer and submission of a copy of the Branch Permit issued by the BIR office having jurisdiction over the Head Office.

K. No temporary permit to adopt CAS shall be issued except upon approval of the Deputy Commissioner for Operations Group. Temporary permit shall be issued only based on valid and meritorious cases (e. g., systems enhancement that need to be done abroad).

The validity of temporary permit approved by the Deputy Commissioner of Operations may either be shortened or renewed depending on the compliance on the reason(s) for issuance of the temporary permit by the taxpayer.

L. Taxpayers with approved CAS capable of generating reports such as but not limited to daily sales, accumulated sales, etc. need not be required to maintain manual Cash Register Machine Sales Book provided that all information required in the manual CRM Sales Book are reflected in the computerized reports. However, these computerized reports shall be made available during post system evaluation of CAS, or duly authorized tax audit of taxpayer's records.

M. In case of systems downtime, taxpayers using computer generated receipts and invoices but whose system has no redundancy/automatic switchover shall be allowed to issue manual receipts using any of the following:

1. Remaining receipts/invoices out of the inventory of previously approved unused manually printed receipts and invoices; or

2. Manually pre-printed and pre-numbered receipts and invoices with

approved authority to print (ATP) reserved or set aside for use during systems downtime which shall not exceed one thousand (1,000) sets.

N. Taxpayers with approved CAS capable of generating receipts and invoices, whether global or national system, shall be required to:

1. Secure advanced approval of the next set of Pre-Approved Range of Serial Number from BIR concerned offices within 30 days before full consumption or utilization of the previously approved range of serial numbers. The first number of the series of number to be issued or used by the taxpayer shall be the continuation in the next set of range of serial number for approval. (e.g. 1st Pre-Approved Range of Serial Number of Invoice: 1000-5000; next set of Pre-Approved Range of Serial Number of Invoice should be 5001-10000)

2. Submit a report on the range of serial numbers of receipts and invoices which have been consumed and/or cancelled during the immediately preceding taxable year to the concerned office within 30 days from the close of the taxable year.

   However, taxpayers with global system and using invoices and receipts printed abroad (set as a precedent in BIR Ruling No. DA-295-98) shall not be required to seek advance approval of the next set of Pre-approved Range of Serial Number for use in the Philippines but shall present these pre-numbered invoices and receipts to BIR concerned office for registration prior to their use. The invoices/receipts herein referred to shall be tracked using office automation tools of the BIR office.
   For global system under which invoices and receipts are system-generated, the serial number of invoices/receipts issued or used during the year shall be stated/presented in chronological sequence of issuance by date of issue in the CD-ROM that will be registered, together with other accounting records, with the BIR office having jurisdiction over the taxpayer within 30 days following the end of the accounting period.

O. With the implementation of the E-Commerce Law, the requirement of binding and stamping of computerized books of accounts and/or receipts and invoices generated by a duly approved Computerized Accounting System shall no longer be necessary, provided that:

1. Soft copy of the computerized books of accounts and other accounting records/documents in text file format shall be made available in any of the following mode:

   a. In CD-ROM **(**read only**)** properly labeled with the name of taxpayer, taxable year and the Serial No. and Volume No. of the

books of accounts and other accounting records/documents, duly stamped registered and signed by LTAD I or II, LTDO or RDO. Adjustments to books of accounts and other accounting records/documents may still be submitted in a separate CD-ROM (read only) before the deadline for annual income tax return duly certified by the independent auditor indicating therein the adjustments made. The separate CD-ROM (read only) containing the adjustments to books of accounts and other accounting records/documents shall be properly labeled with the name of taxpayer, taxable year and the Serial No. and Volume No. of the books of accounts and other accounting records/documents duly stamped registered and signed by LTAD I or II, LTDO or RDO; or

b.   Electronically archived information in the books of accounts and other accounting records/documents. Archive of the books of accounts and other accounting records/documents shall be retained for three (3) years from due date of filing or actual filing of annual income tax return, whichever comes late.

In case taxpayer has no capability to submit in CD-ROM form, procedures under the manual system shall prevail.

2.   A duly notarized certification in the form of an affidavit ascertaining/attesting the accuracy of the following shall be submitted to LTAD I or II, LTDO or RDO within 30 days from the close of taxable year:

a.   The number of receipts and invoices used during the year; and

b.   The soft copy of the books of accounts and other accounting records/document in text file format for the taxable year in CD-ROM duly stamped "Registered" and signed in the label by authorized official of LTAD I or II, LTDO or RDO or the archived books of accounts and other accounting records/documents for the taxable year, if applicable.

P. The taxpayer shall apply for a new permit to use CAS in case of any system enhancement that shall result in change in systems release and/or version number. In case a taxpayer is found using an enhanced system without the approval of the BIR, the permit originally issued shall be deemed automatically revoked from the time the enhanced system is adopted.

VI. PROCEDURES

A. Large Taxpayers Assistance Divisions I & II, Large Taxpayers District Office and Revenue District Office [Taxpayer Service Section (TSS)]:

1. Require the taxpayer to submit the following requirements:

   a. Accomplished BIR Form 1900 Application for Authority to Use Computerized Accounting System and/or Components Thereof/ Loose-leaf Books of Accounts, 2002 Enhanced version (Annex "A") and/or BIR Form 1907 Application for Permit to Use Cash Register Machine/Point of Sale Machine, 2002 Enhanced version (Annex "B")

   b. Company Profile
      - b.1 Photocopy of BIR Certificate of Registration
      - b.2 Photocopy of Previously Issued Permit, if applicable
      - b.3 Photocopy of Current Registration Fee Payment

   c. Location map of the place of business;

   d. Inventory of previously approved unused Invoices and receipts, if applicable;

   e. List of Branches that will use CAS, if any;

   f. Technical Requirements

      - f.1 Application Name and Software Used (Development & Database)
      - f.2 Functions and Features of the Application.
      - f.3 System Flow/s
      - f.4 Process Flow
      - f.5 Back-up Procedure, Disaster and Recovery Plan
      - f.6 Sworn Statement (Annex "C") and Proof of System Ownership
      - f.7 List of Reports and Correspondences that can be generated from the system with their description, purpose and sample layout
      - f.8 Facsimile of System generated Loose-Leaf Books of Accounts and list thereof/ Receipts/ Invoices

   g. Additional requirements in case of affiliated companies/sister companies, franchisees and branches:

g.1 Photocopy of Previously Issued Permit for mother/sister company or another branch using the same system, if applicable.

g.2 Certification from the CSET which previously evaluated the approved system.

2. Receive the requirements submitted by the taxpayer-applicant.

3. Evaluate validity of the application and review completeness of requirements submitted by checking the appropriate boxes in BIR Form 1900.

4. If requirements are complete, stamp "Received" BIR Form 1900 and/or BIR Form 1907, otherwise, return the documents submitted to the taxpayer-applicant with instruction to complete the requirements.

5. Distribute copies of submitted applications and requirements to CSET for evaluation.

6. Coordinate with CSET and taxpayer-applicant the date and the venue for the actual system demonstration of the proposed Computerized Accounting System applied, if deemed necessary.

7. Coordinate with the taxpayer and members of CSET for the timely resolution of issues and concerns raised during actual system demonstration.

8. Receive CSET's recommendation for approval/disapproval of application together with the accomplished Functional and Technical Evaluation/Appraisal Checklist (Annex "D") or for issuance of temporary permit upon approval of DCIR-Operations

8.1. If recommended for approval:

a. Prepare Permit to Adopt Computerized Accounting System or Components Thereof (Annex "E") with the Schedule of Attachments in the Permit (Annex "E-1") and if applicable, Branch Permit to Adopt Computerized Accounting System or Components Thereof, (Annex "F") with the corresponding Schedule of Attachments in the Branch Permit (Annex "F-1"); Assign/indicate Permit Number using the following format:

For Permit per Annex "E": Month and Year, RDO No. and Sequence Number (MMYY-RDO# -XXXXX). E.g. 0102-039-00001

For Branch Permit per Annex "F": Month and Year, RDO No., Sequence Number and Branch Code (MMYY-RDO# -XXXXX –XXX). E.g. 0102-039-00001-001)

b. If applicable, prepare stickers for CRM/POS Machines (Annex "G") linked to CAS to be used by the taxpayer-applicant himself.
(Note: LTAD I and II, LTDOs and computerized RDOs shall create a case for the CRM/POS Machines in the CMS and assign the same to a case officer prior to the preparation and issuance of the corresponding stickers. The corresponding template for CRM shall likewise be filled out by the case officer assigned.)

c. Forward permit or CRM/POS stickers, if applicable, for approval of the concerned officials:

c.1 For large taxpayers under LTS – ACIR, LTS

c.2 For large taxpayers under LTDO – Concerned LTDO officer

c.3 For regular taxpayers – RDO concerned

8.2. If recommended for disapproval; prepare Letter of Denial for Permit to Adopt CAS or Components Thereof (Annex "H") and forward to the concerned officials mentioned in Item 1.8.1.c above for signature.

8.3. If recommended for issuance of temporary permit:

a. Prepare the Temporary Permit (Annex "I") and transmittal/endorsement memo.

b. Forward Temporary Permit together with the transmittal/endorsement memo to Taxpayer Assistance Service for evaluation.

9. Receive from the concerned officials approved/signed permit/temporary permit and/or CRM/POS stickers or Letter of Denial.

10. Release the approved permit/Temporary Permit and/or CRM/POS stickers, if applicable or Letter of Denial to taxpayer-applicant.

11. Explain the contents of the permit to the taxpayer and instruct him/it to adhere and comply with the provisions stated in the issued permit.

12. Maintain and regularly update the MS Excel – based Register of Permit

to Adopt Computerized Accounting System (Annex "J").

13. Furnish the RDOs concerned of the List of Permits Issued to Branches (Annex "K") within their respective area of jurisdiction on or before the 5th day after the end of each month.

14. Maintain files of the List of Permits Issued to Branches within its area of jurisdiction furnished by other RDOs/LTDO, LTAD, for reference purposes.

15. If a taxpayer requests for stickers for CRM/POS Machines linked to CAS for use by branch/es within its area of jurisdiction:

    5.1   Require taxpayer to present the Branch Permit which includes CRM/POS Machines linked to CAS.

    15.2   Verify authenticity of the presented Branch Permit by checking from its file of List of Permits Issued to Branch/es within its area of jurisdiction furnished by other RDOs/LTDO/LTAD or from the office which issued the permit.

    15.3   Prepare CRM/POS stickers for signature of authorized officials. (Note: LTAD I and II, LTDOs and computerized RDOs shall create a case for the CRM/POS Machines in the CMS and assign the same to a case officer prior to the preparation and issuance of the corresponding stickers. The corresponding template for CRM shall likewise be filled out by the case officer assigned.)

    15.4   Issue CRM/POS stickers to taxpayer.

16. Prepare and submit Quarterly Inventory of Issued Permits to Use CAS and Taxpayers with Pending Applications (Annex "L") to Taxpayer Service Programs and Monitoring Division (TSPMD) on or before the 15th day after the end of each quarter.

17. Receive from taxpayers with approved CAS capable of generating receipts and invoices the Report of the Range of Serial Numbers of Receipts and Invoices Consumed/Cancelled (Annex "M") during the immediately preceding year within 30 days from the close of taxable year; File the said reports for reference purposes during audit of taxpayers.

18. In lieu of stamping of hardbound computer generated books of accounts and receipts and invoices and other accounting records:

18.1 Receive from the taxpayer an Affidavit on the Post Reporting Requirements for CAS in lieu of Hardbound Computer Generated Books of Accounts, Receipts and Invoices and other accounting records (Annex "N"), and soft copy in text file format of the books of accounts and other accounting records in CD-ROM properly labeled with the name of taxpayer, taxable year and serial no. and volume no. of the books of accounts and other accounting records, within 30 days from the close of the taxable year.

18.2 Stamp "Registered" and sign on the label of the CD-ROM.

18.3 Return CD-ROM to taxpayer.

B. Computerized System Evaluation Team (CSET):

1. Receive and conduct preliminary evaluation of the submitted application form together with the attachments provided by LTAD I & II/LTDO/RDO.

2. Determine the need for a systems demo and coordinate with LTAD I/II/ TSS of LTDO/RDO for scheduling with the taxpayer of the date and venue and/or coordinate with the CSET of concerned BIR offices in case of evaluation of application involving branches within the jurisdiction of other offices.

3. Attend systems demonstration, which may be conducted on a test or production environment, if necessary.

4. Evaluate application and determine compliance to both technical and functional requirements.

   (Note: CSET shall ensure that the computer generated invoice shall show the name and business style of seller, its address and TIN indicating whether it is a VAT or Non- VAT taxpayer, date of transaction, quantity, unit cost, description of merchandise or nature of service, total amount, name, business style, if any, and address of the purchaser, customer or client and its TIN and prepared at least in duplicate pursuant to Sec. 237, 238 and 113 of the Tax Reform Act of 1997)

5. Raise all issues and concerns before, during and after actual system demonstration, if any and coordinate with the taxpayer thru LTAD I/II, TSS of LTDO/RDO for their early resolutions.

6. Evaluate resolution/s provided.

7. Accomplish Functional and Technical Evaluation/Appraisal Checklist.

8. Prepare and forward recommendation for approval or disapproval of permit to LTAD I/II/TSS of LTDO/RDO together with accomplished Functional and Technical Evaluation/Appraisal Checklist or recommendation for issuance of temporary permit.

9. Conduct evaluation of the CAS of branch/es falling under its jurisdiction referred by the CSET of the BIR concerned office having jurisdiction over the Head Office where the application for CAS was filed; submit results of evaluation to the concerned office.

10. Conduct post system evaluation based on the Mission Order issued by Assistant Commissioner, Large Taxpayers Service or the Regional Director. Accomplish an updated Functional and Technical Evaluation/Appraisal Checklist.

11. Upon completion of post evaluation, submit to the approving office the recommendation for revocation or continued use of the permit issued to the taxpayer.

12. Receive periodically from ISG the Technical Bulletins on approved CAS software and file them for reference purposes.

C. Taxpayer Assistance Service (TAS)

1. Receive Temporary Permit together with the transmittal/endorsement memo from LTAD I or II, LTDO or RDO.

2. Evaluate justifications/reasons for issuance of Temporary Permit and if valid and meritorious, initial on the Temporary Permit.

3. Forward Temporary Permit to Deputy Commissioner, Information Systems Group for signature as recommending official and then to Deputy Commissioner, Operations Group for approval.

D. Taxpayer Service Programs and Monitoring Division (TSPMD)

1. Receive Quarterly Inventory of Permits Issued and Pending Applications to Use CAS (Annex "L") from LTAD I/II/LTDOs/RDOs.

2. Consolidate reports and submit to ACIR, Taxpayer Assistance Service and DCIR, Operations Group.

3. Monitor and conduct verification of permit register and inventory of pending applications to use CAS or components thereof maintained by LTAD I & II, LTDOs and RDOs, whenever necessary.

E. Information Systems Group

1. Prepare and maintain the updated list of Off-the-Shelf CAS approved by CSETs.

2. Issue periodically to the different CSETs a Technical Bulletin containing information on the approved CAS software for reference purposes.

VII. TRANSITORY PROVISION

Permits issued before RMO 21 – 2000 including those issued through BIR Rulings shall be subject to re-evaluation by CSET but shall be valid until revoked whereas permits issued under RMO 21-2000 shall remain to be valid unless revoked upon post evaluation of the system or sub-systems previously approved.

VIII. REPEALING CLAUSE

This Order amends RMO No. 21-2000 dated July 17, 2000 and repeals and/or modifies accordingly all other issuances or portion/s thereof inconsistent herewith.

IX. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue