

**DIRECTING THE AUDIT OF
ASSESSMENTS, REVENUES AND RECEIPTS
OF THE BUREAU OF INTERNAL REVENUE**

WHEREAS, public office is a public trust and public officers shall at all times be accountable to the people.

WHEREAS, there is an urgent need to enhance the efficiency and effectiveness of tax collections in order to support the budget through an audit of tax assessment performance, the records of which constitute public records open for inspection upon the order of the President in accordance with R.A. 8474:

WHEREAS, while the audit function is vested by the Constitution in the Commission on Audit full implementation has yet to be made thereon;

WHEREAS, it is a highly desirable public policy to conduct an assessments and revenue audit of the Bureau of Internal Revenue;

NOW THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Philippines, by virtue of the powers vested in me by Article VII Section 1 of Constitution and the laws, do hereby order:

Section 1. Effective immediately, the Department of Finance and the Bureau of Internal Revenue shall adopt measures and general audit procedures, in coordination with the Commission on Audit, to facilitate the conduct of audit of assessments, revenues, and receipts, consistent with the following guidelines/parameters:

The audit and examination of COA, to be conducted on final tax assessments, shall be a performance audit, and on post-audit basis. Audit of controverted assessments shall await final determination of the appropriate authority.

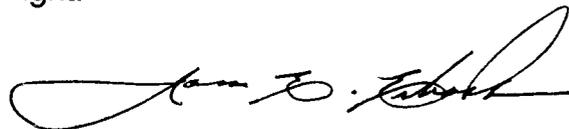
Except in cases of fraud and patent abuse of discretion, no duplication of assessment shall be made on the taxpayer: provided, that prior report to and concurrence thereon is obtained from the Commissioner of Internal Revenue, and that only the BIR shall make contact with the taxpayer upon prior clearance of the Commissioner of Internal Revenue.

- (c) Confidentiality of tax information and records shall be observed, and no COA auditor shall divulge to any person, in any manner than as may be allowed by law, information regarding the business, income, estate, secrets, operations, style of work, apparatus, strategies, or other sensitive and confidential data acquired by said COA auditor in the performance of duties.
- (d) COA auditors shall not contact any BIR examiner whose assessment or work is to be audited or is undergoing audit. No audit observation memorandum or notice of charge shall be issued, and subject to a preliminary discussion or clarification of initial audit findings, only a final audit report shall be made to the Commissioner of Internal Revenue or his duly designated subordinate representative(s) .
- (e) In addition to the Commissioner on Internal Revenue, only the following shall, on strictly confidential basis, be provided the final audit report after approval by the Commission on Audit: the Secretary of Finance, the COA Chair and Commissioners, the Office of the President, and Congress, unless ordered by the proper court or the President of the Philippines.
- (f) Audit shall be conducted based on taxpayer records in the custody of BIR or other government offices.
- (g) Except for confirmatory letters and verifications of actual tax payments as required by generally accepted auditing standards, auditors' communications with, or visiting places of business or examining books of accounts or records of, taxpayers is prohibited.

Section 3. This Executive Order takes effect immediately. All rules, regulations, or other administrative issuances inconsistent herewith are hereby superseded, repealed or modified accordingly.

Section 4. Violations of these guidelines, or the rules and procedures adopted pursuant hereto, shall be dealt with in accordance with law.

DONE in the City of Manila, this 30th day of October in the year of Our Lord, Nineteen Hundred and Ninety-Eight.



By the President:



RONALDO B. ZAMORA
Executive Secretary

