REVENUE MEMORANDUM ORDER NO. 16-2015 issued on August 14, 2015 amends RMO No. 19-2012 regarding the Value-Added Tax (VAT) Audit Program of the Large Taxpayers Service (LTS).

The Coverage of the said VAT Audit Program now includes the following taxpayers:

a. Taxpayers whose VAT compliance is below the available established industry benchmarks;

b. Taxpayers with discrepancy in sales/revenues reported per e-Sales Report/Summary List of Sales (SLS) versus VAT Returns; and

c. Taxpayers whose excess input tax carried forward in the VAT return of the succeeding quarter is different from the input tax reflected in the VAT return of the previous quarter

To facilitate the reporting of VAT audit cases, the Revenue Officer (RO) assigned to audit the case shall observe the following:

a. Revenue Officers are directed to perform only the audit procedures under Revenue Audit Memorandum Order (RAMO) No. 1-99 applicable to the risks identified for case selection and as a result of pre-audit analysis.

b. To provide an audit trail for the scope of the audit and to ensure that the audit activity planned and the books and records to be examined will address the identified risks, an audit plan must be completed by the RO (for each allocated case) following their pre-audit analysis and agreed with their supervisor. If further risk areas are identified during the audit, this plan should be adjusted accordingly.

c. Only documentary requirements prescribed under RMO No. 53-98 that are applicable and relevant to the audit case shall be attached to the docket. However, the RO is not precluded from applying the full provisions of the aforementioned revenue issuances depending on the risks/areas of assessment found.

The initial workload of each RO under this program shall be thirty (30) cases. In no case shall the number of cases handled by an RO exceed thirty (30) cases, subject to replenishment every after submission of the report of investigation/closure of each case. However, excess in the allowable limit of thirty (30) cases as a result of returned case/s shall not be considered as a violation of this Order.