REVENUE MEMORANDUM ORDER NO. 34-2004 issued on July 20, 2004 prescribes the guidelines and procedures in the processing, matching, dissemination, utilization and monitoring of importation data from the Bureau of Customs (BOC) for audit and enforcement purposes.

Enhancements were introduced to the existing Integrated Tax System (ITS) to allow the system to handle the data transmitted by the BOC and to fully-automate the matching of said data with the return information in the Limited Returns Processing System (LRPS).

The Third Party Information (TPI) – BOC Data Warehouse Facility (DWF) was developed to address the voluminous data clogging the ITS infrastructure and to handle data transmitted by an external government agency.

Discrepancy reports generated by the Data Warehouse system provide management with information to determine levels and trends of non-compliance and allow management to formulate guidelines on the investigation of taxpayers deliberately misdeclaring their importation to evade taxes.

Data to be drawn from the TPI-BOC DWF shall be classified into 2 categories, namely:

- “Processed” BOC data - refers to BOC data matched with return information in the LRPS based on a pre-defined threshold.
- “Preprocessed” BOC data - refers to importation details showing individual transactions enhanced with registration information matching.

The Bureau’s Systems Operations Division (SOD) shall be responsible for generating the following:

- List of Taxpayers with discrepancies within the threshold amount approved by management for the issuance of Letter Notice
- System-generated Letter Notices (LNs) plus Details of Importation with Return Information Matching (DIRIM).

The Audit Information Tax Exemption and Incentives Division (AITEID), through the Assessment Service (AS), may recommend to the Deputy Commissioner of Internal Revenue, Operations Group (DCIR, OG) a set threshold for the annual discrepancy/variance resulting from the matching of the quarterly input tax per Value-Added Tax (VAT) declarations in the LRPS with the VAT amount paid per import entry as transmitted by the BOC.

All requests for access to “Preprocessed” BOC data shall be covered by a Letter Request (LR) duly approved by the Regional Director/Assistant Commissioner, Large Taxpayers Service/Assistant Commissioner, Enforcement Service, as the case may be. Access to “Preprocessed” BOC data shall be limited to taxpayers for whom Letters of Authority (LAs)/Audit Notices (ANs)/Tax Verification Notices (TVNs) have been issued.

For cases investigated by the National Investigation Division (NID) and Special Task Force(s) created by the Commissioner where no LA/AN/TVN have been issued, access shall be granted only where the request has been duly noted by the Deputy Commissioner of the Legal and Inspection Group (DCIR-LIG) or Deputy Commissioner of Operations Group (DCIR-OG), as the case may be.
All BOC data disseminated to any revenue officer shall be utilized exclusively in the conduct of investigation and the extent of utilization of said data shall be fully disclosed in the report of investigation/reinvestigation. The heads of concerned offices shall be responsible for all BOC data furnished to the revenue officer(s) under their jurisdiction.

BOC data and other information obtained from the AITEID shall be considered strictly confidential and shall be used exclusively for internal revenue tax purposes. Any divulgence or retrieval of said information by any revenue personnel shall be a ground for the imposition of administrative sanctions and filing of appropriate charges against the erring official or employee.