

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

May 8, 2003

REVENUE MEMORANDUM ORDER No. 15-2003

SUBJECT Policies, Guidelines and Procedures in the Processing and Monitoring of One-Time Transactions (ONETT) and the Issuance of Certificates Authorizing Registration (CARs) Covering Transactions Subject to Final Capital Gains Tax on Sale of Real Properties Considered as Capital Assets as well as Capital Gains Tax on the Net Capital Gain on Sale, Transfer or Assignment of Stocks Not Traded in the Stock Exchange(s), Expanded Withholding Tax on Sale of Real Properties Considered as Ordinary Assets, Donor's Tax, Estate Tax and Other Taxes including Documentary Stamp Tax Related to the Sale/Transfer of Properties

TO All Internal Revenue Officers and Others Concerned

I. OBJECTIVES:

This Order is issued to:

1. Simplify documentary requirements and procedures in the processing, verification/audit and review of tax returns on ONETT.
2. Ensure timely issuance of Certificates Authorizing Registration.
3. Ensure the imposition and collection of the correct tax(es).
4. Establish measures to monitor the processing, review and evaluation of ONETT cases.
5. Provide sanctions to be imposed for non-compliance by revenue personnel concerned.

II. POLICIES:

In order to achieve the above objectives, the following policies shall be observed:

In case of absence of the duly designated DV, the RDO may designate a temporary successor until such time that the Regional Director designates a permanent one.

4. A Regional ONETT Committee (ROC) headed by the Regional Director with the Chief, Assessment Division, and the Chief, Legal Division as members, shall resolve all ONETT issues raised and decide on the recommendation regarding any deviation from the procedures prescribed in this RMO including reasons peculiar to offices within the Region.
5. A Regional ONETT Working Committee (ROWC) composed of ROs from different district offices and representatives from the Assessment and Legal Divisions shall be created by the Regional Director through the issuance of a Regional Revenue Special Order (RRSO). The ROWC shall assist the ROC in the investigation and gathering of additional information on cases involving ONETT. It shall summarize all issues for resolution of the ROC. It shall also monitor compliance of interested parties with the requirement of putting up Escrow Agreement - Sale of Principal Residence (RMC No. 14 - 2001 and other related issuances), and refer non-compliance after the lapse of the eighteen-month period to the Revenue District Office concerned to initiate assessment of deficiency CGT, and thereafter, apply the escrowed bank deposit account against deficiency tax pursuant to RMC No. 45-2002 and other related issuances.
6. The Schedule of Zonal Values of properties within the jurisdiction of the Revenue District Office shall be displayed in a conspicuous place within the district office and all other Zonal Value/s shall be made available upon request of the taxpayer.
7. The counting of the processing period for ONETT shall commence only upon receipt of complete documentary requirements and payment of tax, if any. The next working day shall be counted as Day One.
8. Standard Checklist of Documentary Requirements (Annexes A to A-8) for each ONETT transaction shall be accomplished in duplicate by the ONETT Officer and shall be distributed as follows:

Original copy	-	Taxpayer
Duplicate copy	-	Docket

9. The TIN required for ONETT shall be as follows:

<u>TYPE OF TAX</u>	<u>REQUIRED TIN</u>
a. Final Capital Gains Tax	- Buyer & Seller
b. Capital Gains Tax on Stocks	- Seller/s or Assignor/s
c. Expanded Withholding Tax	- Buyer & Seller
d. Donors Tax	- All the Donors
e. Documentary Stamp Tax	- Any one party required to pay the tax
f. Estate Tax	- Estate of the Decedent

10. In case of a resident decedent, the duly appointed administrator by the Court or executor, if there is a court proceeding, or any of the compulsory heirs, if there is no court proceeding, shall register the estate of the decedent and secure a new TIN for the estate from the Revenue District Office where the decedent was domiciled at the time of death and shall file an estate tax return and pay the tax due thereon with the Authorized Agent Bank (AAB), Revenue Collection Officer (RCO) or Deputized Municipal Treasurer (DMT) in the city or municipality in the Revenue District Office where the decedent was domiciled at the time of death pursuant to Section 236 in relation to Section 90 of the Tax Code.

In case of non-resident decedent, whether non-resident citizen or non-resident alien, the estate tax return shall be filed with and the TIN for estate shall be secured from the Office of the Commissioner through RDO No. 39 – South Quezon City. However, where the non-resident decedent has an executor or an administrator who is registered or has legal residence in another district office, the estate tax return may be filed with and the TIN for the estate shall be secured from the Revenue District Office where such executor or administrator is registered, or is domiciled, if not yet registered as a taxpayer.

11. Issuance of Tax Verification Notice or Letters of Authority (TVN/LA) for ONETT shall no longer be required except for estate tax case with other tax liabilities of the decedent to determine the other internal revenue tax liabilities that should be paid by the estate before distribution of the properties to the heir/s. The investigation of other tax liabilities of the decedent shall cover the short period return and that of the immediately preceding year, unless otherwise provided in a separate revenue issuance.

12. ONETT Computation Sheet/s (Annexes B to B-4) shall be prepared/accomplished in duplicate by the ONETT Officers upon receipt of complete documentary requirements and to be approved by the Head, ONETT Team. It shall be distributed as follows:

Original copy	-	Docket
Duplicate copy	--	Taxpayer

13. Claim Slip (Annex C) shall be issued to the taxpayer or any of his/her authorized representative immediately upon receipt of complete documentary requirements and proof of tax payments, if applicable.

14. Conduct of ocular inspection shall be required under the following instances:

14.1 When there is conflict of data as to existence of improvement in documents presented, and

14.2 Whenever the taxpayer invokes a special law (such as properties located in Areas for Priority Development) that will result in payment of a lesser tax.

In all cases, the ocular inspection hereinabove mentioned shall be done within the processing period; thus, should not be the cause of the delay in the issuance of CAR as prescribed in this RMO.

It is to be stressed out, however, that the ROC may decide later for a conduct of ocular inspection on a selective basis for properties not covered by the requirement of mandatory ocular inspection.

15. In case there is no improvement, a Sworn Declaration of No Improvement on Real Property (Annex D) or an Affidavit of No Improvement on Real Property shall be executed by at least one (1) of the transferees or his/her authorized representative/s to the transaction, or in lieu thereof, a Certificate of No Improvement duly signed by the Assessor may be submitted. However, the veracity of the allegation may be validated on a sampling basis by the ROWC.
16. The taxpayer or his authorized representative shall file the return/s and pay the corresponding taxes only with the AAB of the city or municipality where the district office is located. However, where there are no AABs.

payment shall be done with the RCO/DMT in the city or municipality where the district office is located.

17. The collection/payment data should be verified thru the facility of Integrated Tax System (ITS), Batch Control Sheet (BCS) verification and/or any other means of confirming tax payments within the five (5) day processing period before the issuance of CAR.
18. All pages of original copies of documents of transfer (Sale/Assignment/Donation/Succession) presented to the BIR and required to be presented to the Register of Deeds shall be stamped at the back of all information required by Sec. 4 of RR No. 24 - 2002 dated November 15, 2002.
19. As a general rule, CARs shall be issued for all ONETT within five (5) days from date of receipt of tax returns with complete documentary requirements. However, for Estate Tax with other related tax liabilities, CARs shall be issued depending on case classification of the other-related tax liabilities as presented/provided herein-below and after payment of agreed tax liabilities:

Case Classification	Gross Sales/ Receipts	CAR must be issued within
Small	Not more than P5,000,000.00	30 days
Medium	P5,000,000.01 - P50,000,000.00	60 days
Large	P50,000,000.01 - P100,000,000.00	90 days
Very Large	Over P100,000,000.00	120 days

20. The RDO, being the Head of the ONETT Team, shall sign/approve CAR and Tax Clearance (TCL) for computerized districts. In his absence, the ARDO may sign the CAR and TCL. However, if the ARDO is designated as the Head, ONETT Team, the RDO shall sign in his absence.
21. One (1) CAR per RD shall be issued for real property/ies covered by the transfer. The last item in the CAR shall be followed by the phrase "x x x NOTHING FOLLOWS x x x".
22. CARs for Estate and Donors tax cases shall cover all properties of the decedent/donor wherever situated and shall be issued by the Revenue District Office where the ONETT case is processed. There will be as many CARs as there are RDs involved in the estate tax case or donor's

tax case. The use of Confirmation Letter as a basis for issuance of CAR by the Revenue District Office where the property is located is hereby discontinued.

23. CAR/s issued by the district office other than the district office where the property is located shall be authenticated by the RDO/Head ONETT Team having physical jurisdiction over the property/ies considering that it is his/her signature that is known to the local RD/s. The authentication shall be based only on the faxed/photocopied CAR/s and TCLs sent by the processing district office or through the taxpayer or his authorized representative, subject to validation by the authenticating RDO with the processing district office, if the former so desires.
24. CARs shall now have a validity of one (1) year from date of issue. In case of failure to present the same to the RD within the one (1) year period, the same shall be presented for revalidation to the district office where the CAR was issued following the procedures herein prescribed. The revalidation, evidenced by stamping the phrase "revalidated on _____ to expire on _____" in a conspicuous space in the CAR, shall be good for another one-year period, after which the CAR loses its validity.
25. The P15.00 Documentary Stamp Tax on Certificates (Section 188 of the NIRC of 1997) and the prescribed Certification Fee of One Hundred Pesos (P100.00) under Executive Order No. 197 shall be collected for each CAR to be issued. These tax and fees collected are over and above the taxes due on the transactions.
26. Mandatory review shall be conducted by the Assessment Division on the following cases:
 - a. Estate Tax
 - b. Donor's Tax
 - c. Capital Gains Tax on sale of stocks not traded in the Stocks Exchange
 - d. Other ONETT transactions involving tax payments of at least P1M per case
 - e. Transactions exempted from FCGT/EWT (e.g. principal residence community mortgage program (CMP), socialized housing, tax-free exchange under Section 40 (c)(2) of the NIRC of 1997).

16. Forward to the ROC through the Regional Director all unresolved ONETT issues for resolution;
17. Act on any adverse findings within 24 hours from the discovery thereof; and
18. Submit specimen signature to the DV in addition to the specimen signature submitted to the RD.

C. The ONETT Team shall:

1. Check documents presented by taxpayer and accomplish Checklist of Documentary Requirements (CDR) (Annex A - A-8) in duplicate, whether documents presented are complete or incomplete. Clarify to the taxpayer or his/her representative the specific requirements to be submitted in relation to the ONETT transaction. Verify and validate the photocopies from the original copies by stamping "VERIFIED FROM THE ORIGINAL" and affix initial thereon;
2. Release original copy of the sequentially numbered CDR to the taxpayer together with the attached documents, if documents submitted are incomplete. On the other hand, if the documents submitted are complete, only original CDR shall be released to the taxpayer;
3. Record in the CDR Logbook (Annex F) the following information based on the sequentially numbered CDR signed by the ONETT Officer, whether documents are complete or incomplete:
 - a. Date
 - b. CDR No.
 - c. Name of Transferor and Transferee
 - d. Tax Type
 - e. C/I (Complete/Incomplete)
 - f. Assisted by;
4. File duplicate copies of CDR with incomplete documents and attach to specific docket upon presentation of complete documents by the taxpayer;
5. Recommend issuance of LA/AN for approval by Head ONETT Team if the estate has other related tax liabilities;
6. Recommend conduct of ocular inspection when there is conflict of data as to existence of improvement in documents presented by the taxpayer or

Example: RDO 39 South QC issued for July 2002 its first Claim Slip (CS) as follows:

39-0702-0001

15. Issue sequentially numbered CS to the taxpayer and instruct the taxpayer to present said stub in claiming the CAR and TCL;
16. Verify collection data thru the facility of ITS, BCS verification, or any other means of confirming tax payments, before issuance of the CAR and report immediately to the Head, ONETT Team for appropriate action, in case collection data is not reflected in the ITS/BCS;
17. Verify the serial number of the ROR from the list provided by the Administrative Section and ascertain that it is among the Revenue Official Receipt/s (RORs) requisitioned by the particular issuing RCO/DMT if payment was made through the RCO/DMT where an ROR is issued;
18. Serve LA to taxpayer, conduct actual audit/verification on the estate tax with other related tax liabilities of the decedent in accordance with existing audit procedures. Prepare report of investigation, and accomplish Form 500 Series for review and approval of the Head, ONETT Team;
19. Generate TCL2 and indicate the Outbound Correspondence Number (OCN) on appropriate CAR for computerized districts;
20. Prepare CAR for signature and approval of the Head, ONETT Team. One (1) CAR per Register of Deeds shall be issued for real property/ies applied for transfer;
21. Indicate on the middle portion of the CAR its validity which shall be one (1) year from date of issue;
22. Stamp "REVALIDATED AND VALID UNTIL (date) " on the CAR which was not presented to the RD within one (1) year from date of issue after verifying authenticity against existing records of the Office to be signed by the Head, ONETT Team. The revalidation shall be good for another year making the maximum life of the CAR to two (2) years after which the CAR loses its validity or the validity of the CAR expires;
23. All pages of original copies of documents of transfer (Sale/Assignment/Donation/Succession) presented to the BIR and required to be presented to the Register of Deeds shall be stamped at the

back of all information required by Sec. 4 of RR No. 24-2002 dated November 15, 2002;

24. Release approved CAR/s, TCL/s and other related documents after affixture of P15.00 Documentary Stamp Tax on Certificates (Section 188 of the NIRC of 1997) and the prescribed Certification Fee of One Hundred Pesos (P100.00) (Executive Order No. 197) to the taxpayer/authorized representative upon presentation of the CS;
25. Record the completed transaction in the CAR Registry Book (Annex H);
26. Attach to the specific ONETT docket the duplicate copy/ies of the return/s; and
27. Prepare transmittal list of dockets per-tax type for approval of the RDO and forward dockets together with the approved transmittal list to the Assessment Division every 15th and 30th day of the month.

D. The Data Verifier shall:

1. Verify correctness of contents of CARs, TCLs and other documents of transfer presented by taxpayers to the RD against the photocopies of CARs and TCLs furnished by the Head, ONETT Team;
2. Verify if all back pages of original copies of documents of transfer (Sale/Assignment/Donation/Succession) presented to the BIR and required to be presented to the RD, were properly stamped and signed by the Head, ONETT Team;
3. Check validity period of CAR presented to the RD, and advise the taxpayer or his representative to present the CAR to the district office where the CAR was issued for revalidation, if found to be beyond the one-year validity period from date of issue;
4. Stamp the CAR with "CAR Verified" at the right side of the seal and affix signature and date;
5. Record on the CAR Verification Logbook (Annex I) all CARs/documents presented for verification;

6. Report immediately any adverse findings on CARs and other documents verified to the Head, ONETT Team, copy furnished the Regional Director and the Deputy Commissioner – Operations Group.
7. Photocopy all spurious/fake documents/CARs presented by the taxpayer and transmit the same to the Head, ONETT Team for immediate appropriate action, copy furnished the Regional Director and the Deputy Commissioner – Operations Group.
8. Monitor and reconcile CARs and TCLs issued by the district office against CARs and TCLs presented to the RD; and
9. Submit a weekly report to the Head, ONETT Team using the Weekly Report of CAR Verification (Annex J) of all documents/CARs verified, copy furnished the Regional Director and the Deputy Commissioner – Operations Group.

E. The Taxpayer Service Section (TSS) shall:

1. Validate existing TIN of ONETT Taxpayer in the ITS Website or Masterlist of Registered Taxpayers;
2. Validate TIN using any of the following:
 - a. duly notarized deed of sale/deed of donation/extra-judicial settlement or affidavit of self-adjudication/notarized listing of properties of decedent or other notarized deed of transfer/assignment
 - b. any documentary evidence, whether original or duly certified true copy, showing name, address and birthdate(s) of the person concerned
3. Receive accomplished BIR Form No. 1904 and other documents from the ONETT taxpayer or his representative if taxpayer has no TIN yet and
4. Issue TIN for taxpayer with no TIN yet, based on received/accomplished BIR Form No. 1904, as the case may be, using any of the following:
 - a. duly notarized deed of sale/deed of donation/extra-judicial settlement or affidavit of self-adjudication/notarized listing of properties of decedent or other notarized deed of transfer/assignment

- b any documentary evidence, whether original or duly certified true copy, showing name, address and birthdate(s) of the person concerned.

F. The Document Processing Section (DPS) shall:

1. Receive copy of ONETT returns from the Collection Section;
2. Prioritize assignment of Document Locator Number (DLN) to ONETT returns;
3. Transmit duplicate copy of the return with DLN to the ONETT Team; and
4. Encode original copy of ONETT returns following existing guidelines and procedures relative to document processing of returns.

G. The Collection Section shall:

1. Process BCS-B together with the exempt/"no payment" returns and forward the same to DPS;
2. Process retrieved BCS-A together with the returns from AAB/RCO/DMT and forward the same to DPS for further processing;
3. Assist ONETT Team in the verification of collection data, confirm within three (3) days from date of payment the collection data for tax payment made to the RCO/DMT in case such data is not available in ITS prior to issuance of the CAR;
4. Verify payments made thru RCO/DMT against BIR Monthly Collection Report (Form 1231) after the issuance of the CAR. Report immediately to the Head ONETT Team any findings on said verification, and
5. Follow existing procedures in the processing of returns.

H. The Administrative Section shall:

1. Ensure availability of all ONETT Forms, supplies, unused CARs and updated Schedule of Zonal Values; and
2. Provide ONETT Team the serial numbers of RORs issued to all RCO/DMT of the district office.

I. The Assessment Division shall:

1. Conduct mandatory and selective review of ONETT cases submitted by processing district office;
2. Review and evaluate ONETT dockets received from the district offices by accomplishing OCS for approval of the Regional Director;
3. Inform taxpayers of their tax payments thru ONETT Confirmation Letter (Annex N) and attach ONETT Survey Form Sheet (Annex O) to evaluate the performance of the Revenue District Office;
4. Forward all dockets without findings to the Regional Director for approval;
5. Recommend the investigation of the taxpayer and/or the revenue personnel in case of any findings and/or deviation noted during review, and forward the same to the ROC for appropriate action;
6. Prepare Preliminary Assessment Notice (PAN)/Final Assessment Notice (FAN) for review and signature of the Regional Director, in case of deficiency tax noted during review;
7. Forward, together with PAN/FAN, entire docket for the signature of the Regional Director;
8. Act on protest letters of taxpayers regarding assessments on ONETT. However, if field work is necessary in order to resolve the protest, the case shall be referred to the ROWC through the ROC. On the other hand, if there are legal issues raised, the case shall be referred to the Legal Division for appropriate action;
9. Prepare Termination Letter on reviewed dockets without findings issued with LAVAN for approval of the Regional Director, and
10. Prepare transmittal list of dockets for cases not selected for review as well as the reviewed cases and forward the same to Administrative Division for safekeeping.

J. The Administrative Division shall:

1. Request from the Accountable Forms Division thru the Regional Director sequentially numbered CARs for use by the revenue district offices and

ensure availability of ONETT Forms and supplies for use by the ONETT Teams.

2. Safeguard docket of cases with issued CARs received from Assessment Division.
3. Mail approved Termination Letter to the concerned taxpayer, and
4. Mail duly signed Preliminary Assessment Notice (PAN)/Final Assessment Notice (FAN).

K. The Regional ONETT Committee (ROC) shall:

1. Act on issues raised by the Revenue District Office, Assessment Division, and others concerned.
2. Decide and act on the recommendation of the Assessment Division regarding the investigation of the taxpayer and/or the revenue personnel in case of any findings and/or deviation noted during review.
3. Refer to the ROWC dockets that warrant further verification/investigation of ONETT taxpayer.
4. Refer to the Assistant Commissioner, Inspection Service, any unauthorized deviation committed by the revenue personnel for appropriate action, and
5. Act on all other matters regarding ONETT.

L. The Regional Director shall:

1. Issue a RRSO creating the Regional ONETT Working Committee (ROWC) which is composed of Revenue Officers from the different district offices and representatives from the Assessment and Legal Divisions of the region. The Committee shall assist the ROC in the investigation and gathering of additional information on cases involving ONETT. It shall also monitor compliance of transferors/sellers of Principal Residence with all the pertinent issuances applicable to such type of transaction.
2. Approve dockets without findings recommended by the Assessment Division and forward the same to the Administrative Division for safekeeping.

3. Approve Termination Letter on dockets issued with LA and forward the same to the Administrative Division for mailing to the concerned taxpayer, copy furnished the Assessment Division;
4. Approve PAN and FAN;
5. Order investigation on any reported misstatement, misdeclaration or any similar commission/omission to determine the correct tax due and/or the existence of fraud;
6. Strictly monitor compliance with all revenue issuances pertinent to Sale of Principal Residence, and
7. Submit to the National Office on or before the prescribed due dates the consolidated periodic reports pertaining to transactions or cases covered by this RMO and those required by relevant RMO already issued.
8. Assign DV in each Register of Deeds.

M. The Regional ONETT Working Committee shall:

1. Assist the ROC in the investigation and gathering of additional information on cases involving ONETT;
2. Verify the veracity of the Sworn Declaration of No Improvement executed by one of the transferees or his authorized representative;
3. Summarize all issues for resolution of the ROC; and
4. Monitor compliance with issuances pertinent to Sale of Principal Residence and refer non-compliance to the concerned Head ONETT Team.

N. The Revenue Data Center shall:

1. Submit to the Regional Director/RDO on or before the prescribed due dates the periodic reports pertaining to transactions or cases covered by this RMO and required by relevant procedures and issuances; and
2. Act immediately on technical issues or problems affecting ONETT processing and TCL issuance

O. The Information Planning and Quality Service shall:

1. Provide the necessary access to ONETT Team members per list submitted by the RDO to the Security Management Division, and
2. Maintain the necessary database on transfer of properties covered in this RMO specially CARs issued covering properties outside the jurisdiction of the processing RDO using BIR-LRA Tax Verification System and submit required reports to concerned offices

IV. SANCTIONS:

Any unauthorized deviation from the foregoing policies and instructions and/or violation of any provision of this Order will result in the imposition of disciplinary action to the concerned revenue officers and officials and shall be referred by the concerned Regional Director thru the ACIR, Assessment Service, to the Inspection Service or any other Service/Office which has supervision over all the regional offices for appropriate investigation. In this regard, the relief, reassignment, or transfer of any revenue official violating any of the provisions and instructions prescribed in this Order may be recommended to the Commissioner of Internal Revenue.

V. TRANSITORY PROVISIONS:

1. All ONETT transactions shall be processed by the ONETT Team until such time that a permanent ONETT Section is created in the district office
2. All pending ONETT cases at the Revenue District Offices shall be processed in accordance with the provisions of this RMO. Prescribed audit reports (BIR Form 0500 Series) shall still be required for ONETT cases covered by TVN/LA and shall be processed in accordance with this RMO.
3. All pending ONETT cases in the Assessment Division for which CAR/CL has not been issued shall be processed following the existing procedures prior to the implementation of this RMO. All pending ONETT cases at other BIR Offices, e.g. Legal Division, Assessment Service and Legal Service shall be treated as cases with incomplete requirements; hence, the prescribed period for the issuance of CAR

under this RMO shall apply upon submission of the complete documentary requirements at the Revenue District Office.

4. The existing forms shall be used if the CAR specifically prescribed for ONETT is not yet available. The Revenue District Office shall assign sequentially numbered CARs that shall be used for ONETT and shall be reported accordingly.
5. For purposes of revalidation, all CARs issued prior to this RMO shall be valid only up to such period as prescribed in Revenue Regulations No. 24-2002.

In case of failure to present the CAR to the Register of Deeds within the one-year validity period, the same may still be revalidated, but the total period of validity can not exceed two years counted from the date of issuance of the CAR.

VI. REPEALING CLAUSE:

The provisions of RMO No. 53-98, RMO No. 66-99 and other existing issuances inconsistent herewith are hereby repealed, amended or modified.

VII. EFFECTIVITY:

This Order shall take effect immediately and the new procedures shall be implemented nationwide starting June 1, 2003.

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