

**[BIR REVENUE MEMORANDUM ORDER NO. 12-
2009, April 28, 2009]**

**ENJOINING THE STRICT IMPLEMENTATION OF THE PENALTY
PROVISIONS FOR THE NON-SUBMISSION OF QUARTERLY
SUMMARY LISTS OF SALES AND PURCHASES**

I. Background

The Value Added Tax System, as it is being implemented in the Philippine setting, calls for the submission of Summary Lists of Sales and Purchases, wherein taxpayers declare their taxable sales and purchases for prescribed periods. Such submission is mandated under Revenue Regulations (RR) No. 8-2002 (June 13, 2002), and as incorporated in RR No. 16-2005 (October 19, 2005), as amended.

A review of the degree of taxpayer compliance with these regulations has disclosed, however, that less than thirty percent (30%) of registered VAT taxpayers who are required to submit such information have actually complied with this requirement. Further inquiry into this issue has shown that, in general, these taxpayers prefer to forego the submission of such data, and instead, simply pay the very modest compromise penalty of One thousand pesos (P1,000.00).

These findings show that violation of RR No. 8-2002 is rapidly becoming rampant, and as such, the Bureau is effectively rendered unable to verify an increasingly large volume of taxable sales and purchases. The revenue foregone under such circumstances is virtually incalculable, and would have served to significantly reduce the Bureau's collection shortfalls in recent years. Moreover, such incidences are a troubling indication of indirect tax evasion, if not outright tax avoidance, by an increasingly larger proportion of business taxpayers.

In this regard, the Bureau must take the necessary steps to strongly exhort taxpayers to increase their voluntary compliance with this basic requirement of the tax system.

II. Objective

This Order is being issued to:

1. Strengthen enforcement activities and operations against non-compliant taxpayers;
2. Strictly implement the penalty provisions for the non-submission of the Summary Lists of Sales and Purchases; and,
3. Increase voluntary compliance of taxpayers and enhance revenue collections.

III. Policies