Republic of the Philippines
# PHILIPPINE ECONOMIC ZONE AUTHORITY

**MEMORANDUM CIRCULAR NO. 2025-063**

**FOR** : **ALL PEZA-REGISTERED BUSINESS ENTERPRISES (RBEs)**
**ALL PEZA DEPUTY DIRECTORS GENERAL**
**ALL PEZA ZONE ADMINISTRATORS / ZONE MANAGERS**

**FROM** : **TERESO O. PANGA**
**Director General**

**DATE** : **09 December 2025**

**SUBJECT** : **BIR Revenue Memorandum Circular (RMC) No. 107-2025**

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Please be informed that the Bureau of Internal Revenue (BIR) issued RMC No. 107-2025 dated 24 November 2025, entitled **Suspension of all Audit and Other Field Operations of the Bureau of Internal Revenue Until Lifted by the Commissioner of Internal Revenue**.

The suspension applies to all BIR audit and field operation units including Large Taxpayers Service (LTS), Revenue Regions (RRs), Revenue District Offices (RDOs), Assessment Divisions, VAT Audit Units, Investigation/Special Audit Divisions, and other related offices, committees and task forces authorized to conduct examinations, verification of taxpayers' books of account, records, and other related transactions or investigations.

Exceptions to the suspension are limited to certain cases, including but not limited to: audits prescribing within six (6) months from 24 November 2025; one-time transactions (*i.e.*, estate tax, donor's tax, capital gains tax); taxpayers retiring from business; active criminal investigations; refund claims where issuance of LOA is statutorily required; and other matters with imposed deadlines or special orders by the Commissioner.

The concerned offices, committees and task forces are also directed by the Commissioner to submit an inventory and the status of all pending or unserved LOAs, revalidated or expired LOAs and supplementary or related LOAs, MOs, to the Office of the Commissioner within fifteen (15) days from 24 November 2025.

In a separate Public Advisory, the BIR encourages all personnel, concerned taxpayers, and third-party observers to send their complaints, concerns, and suggestions pertaining to tax audits and issuances of LOAs and MOs to this email address: tellthecommissioner@bor.gov.ph, wherein these will be directly received, reviewed and addressed by the Office of the Commissioner.

Concerned RBEs may also submit their concerns to odg@peza.gov.ph with the subject: **BIR Tax Audit Concerns**, for further endorsement to the Office of the Commissioner.

Attached for your reference are copies of RMC No. 107-2025 and the BIR's Public Advisory.

For your guidance and strict compliance.

/RVSS

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**

BAGONG PILIPINAS

# PUBLIC ADVISORY

In line with Revenue Memorandum Circular No. 107-2025, regarding the suspension of all audit and other field operations of the BIR, this advisory is issued to inform all personnel, concerned taxpayers, and third-party observers that complaints, concerns, and suggestions relating to audits and the issuance of Letters of Authority (LOAs) and Mission Orders may be sent directly to:

**tellthecommissioner@bir.gov.ph**

The BIR values feedback from the public and stakeholders, as such information helps the Bureau fulfill its mandate efficiently and responsibly. Submissions to the above email address will be directly received and reviewed by the Office of the Commissioner, ensuring that all concerns and recommendations are properly addressed.

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**

**BAGONG PILIPINAS**

24 NOV 2025

**REVENUE MEMORANDUM CIRCULAR (RMC) NO. 107 - 2025**

**SUBJECT** : **Suspension of all Audit and Other Field Operations of the Bureau of Internal Revenue Until Lifted by the Commissioner of Internal Revenue**

**TO** : All Internal Revenue Officials, Employees, and Others Concerned

## I. RATIONALE AND LEGAL BASIS

The Bureau of Internal Revenue (BIR) is mandated to protect taxpayers from irregular, untimely, or intrusive audits and to strengthen internal discipline by limiting discretionary field operations, thereby ensuring a fair, transparent, and efficient tax system that promotes compliance and fosters trust among taxpayers.

The Letter of Authority (LOA) is the BIR's primary legal document that authorizes revenue officers to examine a taxpayer's books and records. It grants the Commissioner the authority to conduct audits based on a clear legal foundation, with proper identification of the examiner and adherence to due process. Complementing this is the Mission Order (MO), an administrative instrument for authorizing surveillance, verification, site inspections, and other limited fact-finding activities. Unlike an LOA, an MO does not authorize audits, examination of books of account, or the issuance of assessments.

Given the importance of the audit system, its regulatory framework must be implemented with care and integrity. This authority clearly depends on the Commissioner's statutory powers under the National Internal Revenue Code (NIRC) of 1997, as amended. Section 4 grants the Commissioner exclusive authority to interpret tax laws and oversee enforcement; Sections 5 and 6(A) authorize the Commissioner to gather information, establish examination procedures, and regulate the issuance of LOAs; and Section 7 states that LOA issuance, as a delegated authority, can be recalled, restricted, or suspended at any time to maintain administrative integrity. Jurisprudence, especially *CIR v. Sony Philippines, Inc.* (G.R. No. 178697, November 17, 2010), confirms that a valid assessment requires a valid LOA.

In view of numerous complaints from taxpayers, stakeholders, and internal units regarding irregularities and inconsistencies, and to protect the integrity of audit operations, the BIR will conduct a comprehensive review of existing policies and procedures. To prevent exposure to potential abuse and operational weaknesses and to strengthen the credibility and defensibility of the BIR's audit process, the following are hereby ordered.

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## II. ORDER

In line with the principles of control and supervision, as well as the standards of accountability, integrity, and transparency mandated by Republic Act No. 6713, or the Code of Conduct and Ethical Standards for Public Officials and Employees, and to allow the BIR to address systemic issues, protect taxpayer rights, and develop a transparent, standardized, and modernized audit framework, all ongoing field audits and related field operations, such as issuing LOA, MO, examination, and verification of taxpayers' books of accounts, records, and other related transactions, are hereby ordered SUSPENDED until the order is lifted by the Commissioner.

However, it is imperative to stress that efforts to maximize revenue collection should be maintained throughout the year. Therefore, the issuance of Assessment Notices, Warrants, and Seizure Notices shall continue under the exceptions outlined in Section IV. Additionally, taxpayers may voluntarily pay their known deficiency taxes without needing approval from the appropriate revenue officials.

## III. COVERAGE

This order applies to all operating offices of the BIR that conduct field audits and related field operations, including but not limited to:

1. Large Taxpayers Service (LTS);
2. Revenue Regions (RRs);
3. Revenue District Offices (RDOs);
4. National and Regional Investigation Divisions;
5. Assessment Divisions;
6. VAT Audit Unit (LTS);
7. VAT Audit Sections;
8. Office Audit Sections;
9. All other offices, committees, and task forces authorized to conduct examinations, verification of taxpayers' books of account, records, and other related transactions or investigations.

## IV. EXCEPTIONS

During this suspension period, the issuance of written orders to audit or investigate taxpayers' internal revenue liabilities is suspended, except in the following circumstances:

1. Investigation of cases prescribing within six (6) months from the date of this Order;
2. Processing and verification of estate tax returns, donor's tax returns, capital gains tax returns, and withholding tax returns on the sale of real properties or shares of stocks, together with the documentary stamp tax returns related thereto;
3. Examination or verification of internal revenue tax liabilities of taxpayers retiring from business;
4. LOAs/MOs necessary for active criminal probes conducted by duly authorized enforcement units through verified intelligence reports, inter-agency referrals, third-party data validation, or risk-scoring anomalies that require immediate audit action where delay would prejudice the government's case;
5. Claims for refund where the issuance of an LOA is statutorily required; and

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6. Other matters/concerns where deadlines have been imposed or under the orders of the Commissioner.

## V. SPECIFIC DIRECTIVES

All concerned offices, committees, and task forces must submit an inventory of all pending or unserved LOAs, revalidated or expired LOAs, and supplementary or related LOAs, MOs, including their status, to the Office of the Commissioner within fifteen (15) working days from the effective date of this Order.

No revalidation, extension, replacement, or supplementary LOA and MO shall be issued during the suspension period unless it falls under the exceptions in Section IV.

The Technical Working Group/Review Committee on LOA Integrity and Audit Reforms is directed to evaluate existing policy frameworks, identify operational and systemic vulnerabilities, recommend a revised, integrity-based LOA issuance protocol, and integrate digital safeguards and uniform audit standards.

The Committee shall submit its recommendations within the period prescribed by the Commissioner.

## VI. MONITORING AND ACCOUNTABILITY

Failure to comply with this Order shall constitute an administrative offense. Erring personnel shall be subject to appropriate disciplinary action, without prejudice to any applicable civil or criminal liability.

All internal revenue officers and others concerned shall ensure strict enforcement within their areas of responsibility.

## VII. EFFECTIVITY

This Order shall take effect immediately upon issuance.

**CHARLITO MARTIN R. MENDOZA**
Commissioner of Internal Revenue

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