

REVENUE MEMORANDUM CIRCULAR NO. 96-2024 issued on August 29, 2024 amends certain provisions of Revenue Memorandum Circular (RMC) No. 5-2001 on the grounds and procedures for the implementation of Section 206 of the Tax Code on 1997 on constructive distraint. Accordingly, Section 2 of RMC No. 05-2001 is amended to read as follows:

**"SEC. 2. Cases When a Notice or Warrant of Constructive
Distraint over the Property/ies of a Taxpayer may be Issued**

These cases, including but not limited to the following, may warrant the issuance of a notice or warrant of constructive distraint over a taxpayer's properties:

- a.) When a taxpayer who applies for retirement from business has a substantial amount of assessment pending with the Bureau of Internal Revenue (BIR). An assessment is substantial if the amount thereof is equal to or higher than the net worth or equity of the taxpayer during the current taxable year;
- b.) When a taxpayer who is under tax investigation has a record of leaving the Philippines at least twice a year over a twelve (12)-month period, unless such trips are justified and/or connected with his business, profession or employment;
- c.) When a taxpayer, other than a banking institution, who is under tax investigation has a record of transferring his bank deposits and other valuable personal property/ies from the Philippines to any foreign country;
- d.) When the taxpayer uses aliases in bank accounts, other than the name for which he is legally and/or popularly known;
- e.) When the taxpayer keeps bank deposits and owns other property/ies under the name of other persons, whether or not related to him, and the same are not under any lawful fiduciary or trust capacity;
- f.) When a taxpayer's undeclared income is known to the public or to the BIR by credible means and there is a strong reason to believe that the taxpayer, in the natural course of events, will have a great tendency to hide or conceal his property/ies. For this purpose, the term "undeclared income" means an amount exceeding by at least thirty percent (30%) of the gross sales, gross receipts or gross revenue declared per return;
- g.) When the BIR receives information or complaint pertaining to undeclared income in an amount exceeding by at least 30% of gross sales, gross receipts or gross revenue declared per return of a particular taxpayer and there is enough reason to believe that the said information is correct as when the complaint or information is supported by substantial and credible evidence.

- h.) When the taxpayer who is under tax investigation tries to hide or conceal his personal property to prevent discovery thereof by tax authorities;
- i.) When the taxpayer who is under tax investigation intends to perform any act tending to obstruct the proceedings for collecting the tax due or which may be due from him;
- j.) When the taxpayer is tagged as Cannot be Located: and
- k.) Other analogous cases."