

REVENUE MEMORANDUM ORDER NO. 40-2022 issued on September 29, 2022 prescribes the guidelines and procedures in the conduct of enforcement operations, forfeiture and prosecution of cases relative to the unlicensed/illicit/unauthorized production, importation, trade sale or possession of articles subject to Excise Tax, including raw materials, packages, cigarette paper, tipping paper, cigarette filter tips, ingredients, machinery, equipment, apparatus, mechanical contrivances, and removable fixture of any sort used for their production, and the unlicensed/illicit/ unauthorized use or possession of false, counterfeit, restored or altered BIR internal revenue stamps, labels or tags.

A BIR STRIKE GROUP shall be composed of two (2) Teams to be constituted by the following officers who shall be responsible in the conduct of the undertaking:

Over-all Head:	Deputy Commissioner of Internal Revenue (DCIR) Operations Group
Team I:	Large Taxpayers
Head:	ACIR, Large Taxpayers Service (LTS)
Co-Head:	ACIR, Enforcement & Advocacy Service (EAS)
Asst. Head:	HREA, LTS-Excise
Co-Asst. Head:	HREA, EAS
Members:	Chief, National Investigation Division (NID) and Representatives Chief, Excise LT Field Operations Division (ELTFOD) and Representatives Excise LT Audit Division II Representatives [Optional] Excise Tax Areas (EXTA) Representatives [Optional]
Team II:	Non-Large Taxpayers
Head:	Concerned Regional Director
Asst. Head:	Concerned Assistant Regional Director
Members:	Chief, Regional Investigation Division (RID) and Representatives Representatives from Legal Division Representatives from Revenue District Office (RDO) [Optional] Excise Tax Areas (EXTA) Representatives [Optional]

The BIR Strike Group may request other revenue personnel from other offices to provide assistance and relevant information relative to the enforcement operation.

All surveillance and/or enforcement activities shall be covered by Mission Orders (MOs) to be signed by the DCIR-Operations Group, ACIR, LTS or the concerned Regional

Director. The MOs shall be issued in triplicate/quadruplicate copies to be distributed as follows:

- Original – Revenue Officer/s (ROs) directed to conduct the surveillance, and to be attached to the report on surveillance after termination of the activity.
- 2nd Copy – Investigating Office's / Division file copy
- 3rd Copy – Issuing Office's file copy
- 4th Copy – Taxpayer's copy (in case of overt surveillance)

The surveillance and/or enforcement activities relative to the implementation of this Order shall either be covert and/or overt surveillance. Covert surveillance shall be resorted to initially evaluate the factual circumstances to determine reasonable ground to believe that there is a violation of the NIRC, as amended, or its implementing rules and regulations. The SUBJECT of the surveillance generally comes from a confidential information or denunciation complaint filed by informers, private individuals or entities, and also from a referral of other government agencies [i.e. Bureau of Customs (BOC), National Bureau of Investigation (NBI), Philippine National Police (PNP), National Tobacco Administration (NTA), Local Government Units (LGUs), etc.].

In case the subject taxpayer is a registered Excise Large Taxpayer under the LTS, the said activity shall be performed by Team I (ELTFOD, NID, Excise LT Audit Division II or EXTA). Likewise, if the identified owner/possessor of excisable articles or machinery, etc. falls under the jurisdiction of the Revenue Region (RR), Team II (RID, EXTA and/or concerned RDO having jurisdiction over the said taxpayer) shall conduct the activity.

All legal issues shall be referred to the Law & Legislative Division under the Legal Service at the National Office or to the Legal Division of the concerned Revenue Region, whichever is applicable. The resolution of the legal issues shall be prepared and issued within ten (10) days from the date of receipt of such request.

The Head of the concerned BIR Strike Team shall coordinate with other government agencies and/or private individuals/entities who will be giving information relative to the activities covered by this Order. The team shall submit the results of the surveillance and/or enforcement activities, together with the complete set of supporting documents to the DCIR- Operations Group for evaluation and appropriate action.

As part of their regular function, the Revenue Officers (ROs) of ELTFOD shall be conducting regular covert surveillance to uncover violations of the NIRC pertaining to Excise Tax.

The concerned BIR Strike Team shall prepare an Accomplishment/Status Report on the Surveillance and/or Enforcement Activity that was conducted within ten (10) days after the close of each month, and shall submit the same to the DCIR-Operations Group.

The DCIR-Operations Group shall then submit a consolidated Accomplishment/Status Report within twenty (20) days from the close of each quarter to the Commissioner of Internal Revenue.

The guidelines and procedures on the introduction to/conduct of surveillance activities and evaluation of surveillance results as well as conduct of enforcement action based on surveillance results are specified in Section V of the Order.