

**REVENUE REGULATIONS NO. 22-2020** issued on September 16, 2020 amends certain Sections of Revenue Regulations (RR) No. 12-1999, as amended by RR No. 18-2013 and RR No. 7-2018, relative to the Due Process requirement in the issuance of a Deficiency Tax Assessment.

Section 3 of No. 12-1999, as amended, provides for the preparation of a Notice of Discrepancy instead of a Notice of Informal Conference. If a taxpayer is found to be liable for deficiency tax or taxes in the course of an investigation conducted by a Revenue Officer, the taxpayer shall be informed through a Notice of Discrepancy. The Revenue Officer who audited the taxpayer's records shall, among others, state in the initial report of investigation his findings of discrepancies.

Based on the Revenue Officer's submitted initial report of investigation, the taxpayer shall be informed, in writing, by the Revenue District Office or by the Assessment Division/Regional Investigation Division, as the case may be (in the case of Revenue Regional Offices) or by the Chief of Division concerned (in the case of the BIR National Office) of the discrepancy or discrepancies in the taxpayer's payment of his internal revenue taxes, for the purpose of the "Discussion of Discrepancy".

The Discussion of Discrepancy shall in no case extend beyond thirty (30) days from receipt of the Notice of Discrepancy. It is during the Discussion of Discrepancy that the taxpayer is given the opportunity to present his side of the case and explain the discrepancy found during the investigation of the Revenue Officer assigned and submit documents to support the explanation or arguments.

If the taxpayer disagrees with the discrepancy/discrepancies detected during the audit/investigation, the taxpayer must present an explanation and provide documents during the discussion to support his explanation. Should the taxpayer need more time to present the documents, he/she may submit such documents after the discussion, which should be within thirty (30) days after receipt of the Notice of Discrepancy.

If after being afforded the opportunity to present his side through the Discussion of Discrepancy, it is still found that the taxpayer is still liable for deficiency tax or taxes and the taxpayer does not address the discrepancy through payment of the deficiency taxes or the taxpayer does not agree with the findings, the investigating office shall endorse the case to the reviewing office and approving official in the National Office or the Revenue Regional Office, for issuance of a Deficiency Tax Assessment in the form of a Preliminary Assessment Notice within ten (10) days from the conclusion of the Discussion.