

ATTAX on Audit: Bracing Yourself for BIR Audits**Tuesday, February 28, 2017, 1:00 PM – 5:30 PM****Makati Shangri-La Manila****PROGRAMME**

1:00 - 1:30 pm Registration

1:30 – 2:15 pm **BIR Updates**

- I. Revenue Issuances
- II. BIR Rulings

Speaker

Atty. Pepito G. Po, Partner, Bernaldo Directo & Po Law Offices - He is a CPA-Lawyer with extensive experience in corporate tax and legal consulting, corporate services, mergers and acquisitions, as well as preparation, review and evaluation of contracts and agreements for various clients. He acts as corporate secretary or director of various corporations.

2:15 – 4:15 pm **BIR Audit & Tax Assessment****I. Audit Related Notices**

- A. Letter of Authority
- B. Letter Notice
- C. Tax Verification Notice
- D. Quarterly VAT Audit
- E. Letter of Authority from Special Investigation Division
- F. Mission Order
- G. Memorandum of Assignment

II. Priority of Taxpayers – Policies and guidelines observed in the continuing audit of tax returns (RMO 4-2013)

III. Audit Procedures

A. Check registrations – BIR requests for the Company's registration documents with SEC, and checks the registration papers with the BIR for the Company's business activity, tax type, etc.

B. Summarize, Compare and Derive Variances – BIR requests various documents such as Audited FS filed with the BIR, ITRs filed with the BIR, all tax returns filed with the BIR, details of accounts, and general ledger to compute tax exposures.

C. Benchmarking and Matching Against Third-Party Declarations - The taxpayers data or information are matched against industry benchmarks, and the return declarations are matched with taxpayers whom they dealt business with.

D. Analytical Review – Horizontal and Vertical Analysis

E. Inquiry/Interview – Interview regarding the nature of the business, accounts and transactions, and anything about the FS and returns.

F. Others

IV. Stages of Tax Assessment

A. Letter of Authority & How to Comply – 30 days to reply to the LA

B. 1st, 2nd, and 3rd Notice/Final Notice & How to Comply – follow-up letter, 10 days to reply

C. Subpoena Duces Tecum & How to Comply – issued by the Legal Division of the Regional or National Office if there is no reply to the final notice

D. Preliminary Assessment Notice & How to Protest – issued if after review and evaluation by the Commissioner or his duly authorized representative as the case

may be, it is determined that there exists sufficient basis to assess the taxpayer for any deficiency tax or taxes (RR 18-2013)

E. Final Assessment Notice/Formal Letter of Demand & How to Protest– issued within 15 days from submission of protest to PAN; calls for payment of deficiency tax or taxes

V. Common Audit Findings

- A. Unreconciled variances, errors and inconsistent balances between the documents, books, schedules, tax returns and financial statements
- B. Unreconciled variances, errors and inconsistent balances with third parties such as customers and suppliers
- C. Incorrect application of tax laws and rates
- D. Non-withholding and under-withholding
- E. Undeclared or under-declared revenue
- F. Other income not subjected to VAT
- G. Non-compliance with substantiation & invoicing requirements
- H. Bloated miscellaneous expenses
- I. Unremitted DST

VI. Reconciliations

- A. 1604-CF vs Salaries & Wages per FS
- B. 1604-E/1601-E & Alphalists vs Expenses reflected in FS
- C. VAT Returns vs Income Tax Returns

Speaker

Atty. Christopher A. Presto, Partner, Bernaldo Directo & Po Law Offices – A CPA-Lawyer with extensive experience in civil, criminal, corporate, tax and labor litigation, corporate tax and legal consulting, corporate services, as well as preparation, review and evaluation of contracts and agreements for various clients. He acts as corporate secretary or directors to various corporations.

4:15 – 4:30 pm **Coffee Break**

4:30 – 5:30 pm **Tax Compliance**

- I. How to complete the Tax Forms
- II. How to Comply with the Technical Specifications of Reportorial Requirements Attached to Returns
 - A. Summary Lists of Sales and Purchases
 - B. Alphalists
 - i. Payees
 - ii. Employees
 - C. Semestral List for Top 20,000 Corporations
 - D. Inventory List
- III. How to beat the tax deadlines to avoid penalties

Speaker

Atty. Rosario S. Bernaldo, Managing Partner, R.S. Bernaldo & Associates and Bernaldo Directo & Po Law Offices, A Certified Public Accountant (CPA) and Lawyer, Ms. Bernaldo has significant professional experience in tax and management consulting, corporate and legal services, business and financial management, investment banking, insolvency and receivership, auditing, and training and research.

Ms. Bernaldo is considered as one of the most-sought resource speakers in professional organizations such as the Philippine Institute of CPAs and the Financial Executives Institute of the Philippines (FINEX). She was previously connected with Big 5 CPA Firms and investment houses.

She was a top graduate of the University of the East, Manila (accountancy, summa cum laude, 1972 and law, cum laude and class valedictorian, 1979) and the University of the Philippines, Manila (master in business administration). Cherry was also a topnotcher in the 1972 CPA board and 1979 BAR examinations.