



**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN**



MEMORANDUM

TO : The Regional Executive Directors
DENR Regions 1-13, NCR, CAR

ATTENTION : The Finance Officers
The Regional Accountants
The PENRO Accountants

FROM : The Undersecretary
Finance, Information Systems and Climate Change

SUBJECT : CY 2021 DEFICIENCY TAX ASSESSMENT

DATE : AUG 06 2024

This refers to the Electronic Letter of Authority (eLA) No. 201900049371 (AUDM29-038-2023-010607) dated 24 May 2023 issued by the Regional Director Mahinardo G. Mailig of the Bureau of Internal Revenue (BIR) Revenue District Office (RDO) No. 038 regarding the conduct of tax examination of the DENR for the taxable year ending December 31, 2021.

On May 29, 2024, BIR issued the Notice of Discrepancy (ND) dated May 22, 2024 containing the details of discrepancies noted during the conduct of tax examination/investigation on the Consolidated Statement of Financial Performance for the year 2021. The total discrepancies, including interest, amounted to **P798,186,633.96**.

BIR then gave several opportunities for the regions to reconcile the discrepancies and submit valid documents, reducing the discrepancies to **P7,182,220.62**. On June 28, 2024, in a meeting held at the BIR, Revenue District Officer Renato J. Mina of RDO No. 038 agreed that the amount was final and must be paid plus the interest amounting to **P2,370,132.81**, totaling **P9,552,353.43**. The agreement did not push through. On July 26, 2024, a final meeting was held. It was agreed that in lieu of payment, the DENR will undergo a re-assessment.

In this regard and as part of the process, BIR through RDO No. 038 shall transmit or endorse the audit findings of discrepancies to the reviewing office in the Revenue Regional Office for the issuance of a Preliminary Assessment Notice (PAN). A re-examination of books of accounts of the whole DENR will be conducted in a more detailed and comprehensive evaluation and assessment, necessitating the submission of hard copies of all documents and records for all transactions under all funds, along with all pertinent supporting documentation, valid evidence of payment or remittances, and a consolidated reconciliation schedule (all funds).

Pending the receipt of the PAN, you are advised to prepare all relevant documents covering CY 2021 as listed below:

- a) General Ledger Accounts showing beginning and ending balances, and total monthly debits and credits for each account;

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- b) General Journals for all transaction types;
- c) Copies of disbursement vouchers with corresponding supporting documents for all deductions/expenses claimed but not limited to official receipts, invoices, contracts, delivery receipts;
- d) Monthly/Quarterly Withholding Tax Remittance Returns (BIR Forms 1601C/1600/0619E/0619F/1601EQ/1601FQ with Monthly/Quarterly Alphalist of Payees (MAP) under Revenue Regulation (RR) No. 2-2006 and Annual Summary Returns (BIR Forms 1604E/1604CF) with corresponding Alphalists under RR No. 16-2006);

Your prompt action and cooperation on this matter are crucial to ensure that the documentation is complete and submitted in a timely manner.

Should you need further clarification, please contact Ms. Nenita L. de Leon/Ellaine Richelle F. Chavez of the Accounting Division at telephone no. 8928-02-54 or through their email at nldeleon@denr.gov.ph/erfchavez@denr.gov.ph.

ATTY. ANALIZA REBUELTA - TEH