

ADVISORY ON WARRANTS OF CONSTRUCTIVE DISTRRAINT

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20/F Chatham House
Valero cor. Rufino Sts.



Salcedo Village
Makati 1227



www.bdblawn.com.ph
info@bdblawn.com.ph



T: (632) 8403-2001



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AMENDING CERTAIN PROVISIONS OF REVENUE MEMORANDUM CIRCULAR NO. 05-2001 ON THE GROUNDS AND PROCEDURES FOR THE IMPLEMENTATION OF SECTION 206 OF THE TAX CODE OF 1997 ON CONSTRUCTIVE DISTRAINT

The issuance of a notice or warrant of constructive distraint over a taxpayer's properties may be done in certain instances which include, but is not limited to, the following:

- ☑ Those who have substantial amount of assessment pending with the Bureau of Internal Revenue (BIR);

Note: 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.

- ☑ Those who are using aliases in bank accounts;

Note: Aliases is any name other than the name for which he is legally and/or popularly known.

- ☑ Those who keep and/or own bank deposits and other properties under the name of other persons not under any lawful fiduciary or trust capacity;

- ☑ Those who have undeclared income known to the public or to the BIR and there is a great tendency to hide his or her properties;

Note: Undeclared income is an amount exceeding by **at least thirty percent (30%)** of the gross sales, gross receipts or gross revenue declared per return.

- ☑ Those who are tagged as cannot be located;

- ☑ Those under tax investigation who:

- have a record of leaving the Philippines at least twice a year (over a 12-month period);

Exception: Trips connected with business, profession, or employment

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REVENUE REGULATION
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- other than banking institutions, have a record of transferring bank deposits and other personal property/ies to any foreign country;
 - try to hide or conceal his or her personal properties to prevent discovery by tax authorities;
 - intend to perform any act tending to obstruct the proceedings for collecting the tax due or which may be due from him or her;
- ☑ Other analogous cases.

Source:

BIR Revenue Memorandum Circular No. 96-2024

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