

**Bureau of Internal Revenue
Philippines**



VAT /GST Fraud Investigation

**National Tax College
Wako-City, Saitama-
Prefecture, Japan**

May 29-June 2, 2023

**A Presentation
To The OECD Asia Pacific Academy for
Tax & Financial Crime Investigation**

About the BIR

The Bureau of Internal Revenue was created in under the Second Civil Governor Luke E Wright under the American regime in July 2, 1904 with the passage of the Reorganization Act No. 1189 with 69 employees only. It has now more than 10,000 employees. As a premier agency of the Department of Finance, it is responsible for collecting more than half of the total revenues of our governemnt.



CIR Profile

Attorney Romeo "Jun" Lumagui Jr., was appointed BIR Commissioner by President Ferdinand E Marcos on November 15, 2022. He was a Law practitioner and partner in a prestigious firm before he joined the government. He held positions of responsibility before being appointed to the highest office in the BIR.

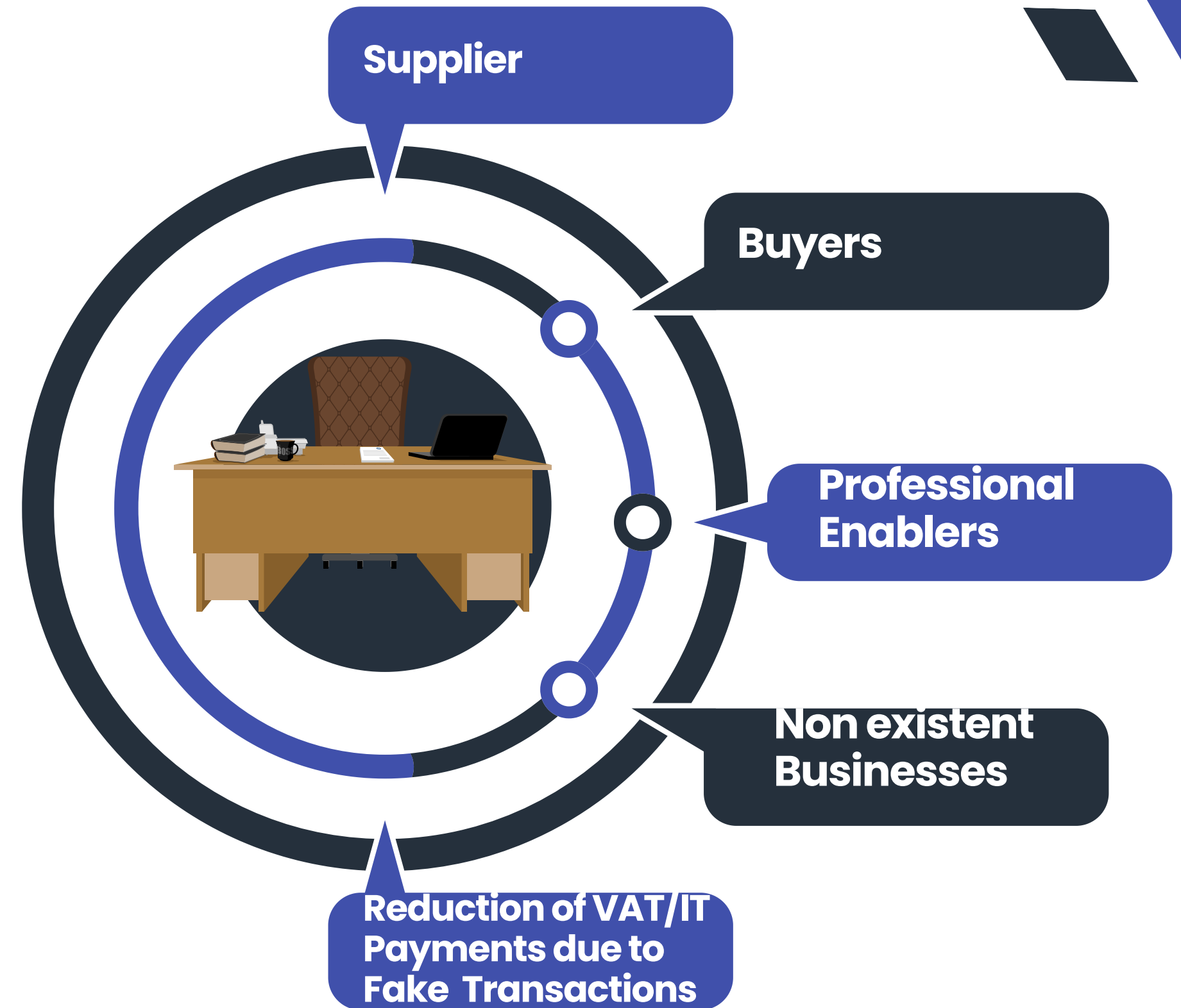


Revenue Memorandum Circular 38-2023 & the RAFT Task Force

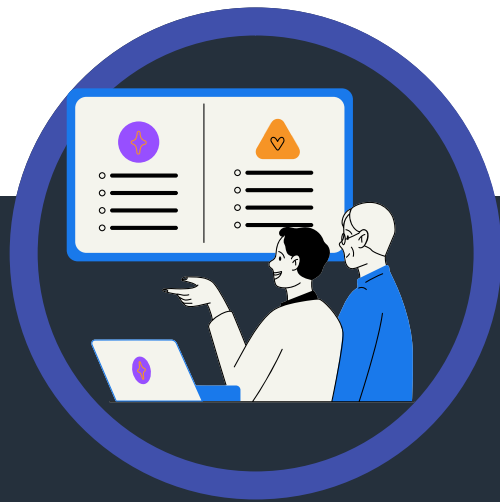
Under the Priority Programs of the CIR, a Task Force was formed called Run After Fake Transactions or the RAFT.

The Main Objective of the Task Force is to identify, to dismantle the Syndicate which are responsible for the illegal proliferation of "Ghost" Companies and "Ghost Receipts".

The all out war against the Syndicate is being done through strict enforcement, by surveillance, raids, evidence building and to file the appropriate cases before the Department of Justice and the revocation of licenses of professional enablers involved in the scheme.



Elements of the "Ghost Receipts" Syndicate



Supplier

This element refers to unscrupulous Individuals or Non Individuals who SELL fake Invoices and Receipts using non-existing corporations or businesses.



Buyer

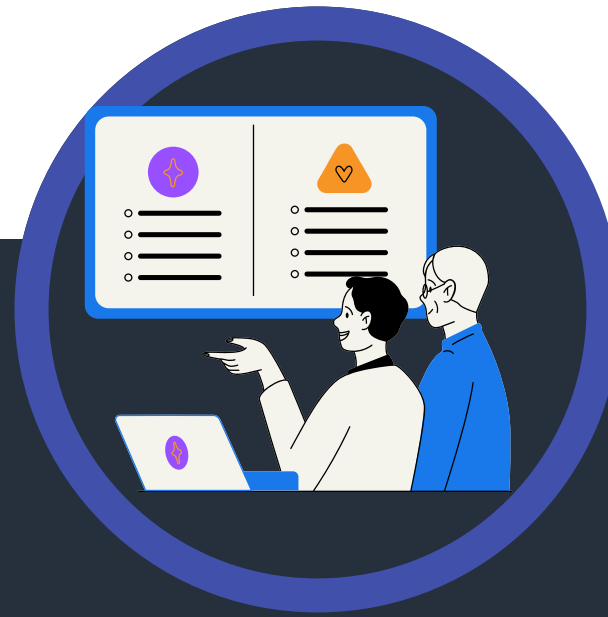
This element refers to taxpayers who deliberately purchase fake receipts or invoices of non existent corporations or businesses for the sole purpose of claiming input taxes against the VAT due.



Professional Enablers

This element refers to Professional Enablers, Pratitioners and Lawyers who allow and encourage the creation, proliferation and application of fake transactions.

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MODUS OPERANDI



SELLER

PRINTS OUT FAKE INVOICES AND
RECEIPTS
FICTITIOUS SINCE THERE ARE
NO ACTUAL TRANSACTIONS TO
BACK THEM



MODUS OPERANDI



SELLER

STORES THE FAKE INVOICES IN
WAREHOUSES AND
CONDOMINIUMS



MODUS OPERANDI



PURCHASER

PROCURES THE FAKE
RECEIPTS AND USES THE FAKE
RECEIPTS TO REDUCE THEIR
INCOME AND VAT LIABILITIES



MODUS OPERANDI



PURCHASER

INCOME TAX -CLAIMS FALSE
DEDUCTIONS AND EXPENSES
FOR IT



MODUS OPERANDI



PURCHASER

VALUE ADDED TAX – CLAIMS
FAKE INPUT TAXES TO REDUCE
VAT PAYMENT



Timeline of RAFT National Task Force

The National Task Force directly reports to the Office of the Commissioner, a priority program under RMC 38-2023.



December 2022

SURVEILLANCE, RAID AND CONFISCATION LED
OF DOCUMENTS AND EVIDENCE GATHERING

Timeline of RAFT National Task Force

The National Task Force directly reports to the Office of the Commissioner, a priority program under RMC 38-2023.

December 2022– March 2023

DATA GATHERING, COLLATING,
SUMMARIZING THROUGH THE USE OF
ENHANCED CAATTS PROCEDURES



Timeline of RAFT National Task Force

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March 2023

CIR FORMALLY ANNOUNCES ALL OUT
WAR VS "GHOST" RECEIPTS

Timeline of RAFT National Task Force

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March 2023

**FILING OF CRIMINAL CHARGES
AGAINST SELLERS WITH THE DOJ**



Timeline of RAFT National Task Force

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March 2023

FILING OF ADMINISTRATIVE COMPLAINT VS
CPA WITH PROFESSIONAL REGULATION
COMMISSION

Timeline of RAFT National Task Force

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April 2023

ISSUANCE OF NOTICES OF AUDIT, SUB
POENAS AND SURVEILLANCE AGAINST
BUYERS OF FAKE RECEIPTS



Timeline of RAFT National Task Force

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April 2023 – Present Time

ONGOING INVESTIGATIONS AND FILING OF
CRIMINAL AND ADMINISTRATIVE CHARGES

Timeline of RAFT National Task Force

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a priority program under RMC 38-2023.

May 2023

REVOCATION OF PROFESSIONAL LICENSE
OF CPA



IMPACT OF FAKE TRANSACTIONS



ECONOMIC SABOTAGE ESTIMATED IN THE
BILLIONS OF PESOS

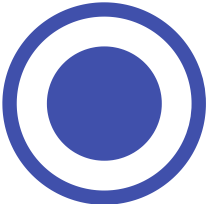
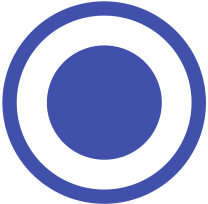
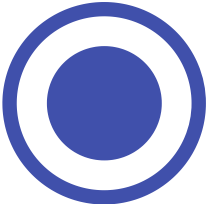
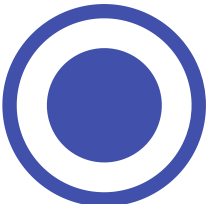
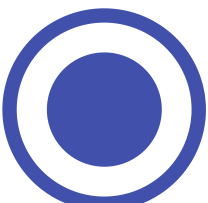
INFRASTRUCTURE PROJECTS FOR THE PUBLIC IS
CONSTRICTED

INABILITY OF THE GOVT TO FINANCE PRIORITY
ASSISTANCE PROGRAMS FOR THE MARGINALIZED

IMPEDIMENT TO NATION BUILDING

& CONTINUED TP ABUSE OF LOOPHOLES AND
PERCEIVED LAPSES IN GOVT SYSTEMS

RAFT PROGRAM AIMS TO

-  **STOP THE ECONOMIC SABOTAGE PERMANENTLY**
-  **COLLECT THE CORRECT TAXES ONCE AND FOR ALL RESULTING FROM THE FAKE TRANSACTIONS**
-  **INVESTIGATE AND PROSECUTE THE ALL PARTIES TO THE CRIME**
-  **UPLIFTMENT OF THE LIVES OF THE FILIPINO PEOPLE**
-  **PLACE NATION BUILDING BACK ON TRACK**



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BIR MEDIA RELEASE

Commissioner Lumagui: BIR revokes accreditation of CPA in Ghost/Fake Receipts Syndicate



The Bureau of Internal Revenue, headed by Commissioner Romeo D. Lumagui, Jr., has revoked the Certificate of Accreditation of Jennifer Cunanan Ronesvalles, an auditor who issued the CPA certificate attached to the financial statements of the

BIR MEDIA RELEASE

23 March 2023

BIR Chief Declares All-Out War vs Ghost Receipts : Launches First-Ever Program against Buyers, Sellers, & CPAs involved in Syndicate



Bureau of Internal Revenue (BIR) Commissioner

BIR MEDIA RELEASE

21 March 2023

Lumagui files for revocation of license & imprisonment of accountant involved in the "Ghost Receipts" Syndicate, warns other CPA's not to use

Bureau of Internal Revenue Commissioner Romeo D. Lumagui, Jr. led the filing of a complaint against an accountant involved in the "Ghost Receipts" Syndicate, revocation of his professional license as a Certified Public Accountant (CPA) by the Professional Regulation Commission (PRC). Lumagui stated, one of my major areas of concern in the BIR is

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BIR MEDIA RELEASE

BIR Chief: Fake/Ghost Receipt Buyers, Expect an Audit by my Office

After the declaration of Commissioner Romeo D. Lumagui, Jr. of an all-out war vs. Fake/Ghost receipts, he will launch another skirmish, this time against the Buyers. Notices will be served to shameless buyers who continuously patronize the fraudulent activities brought by these receipts.



The notices will be served by the National Task Force - Run After Fake Transactions (RAFT). Said task force was created solely for the purpose of auditing and investigating the Buyers of Fake/Ghost Receipts.

"As I launch the Run After Fake Transactions or RAFT program in the BIR, I have just one thing in mind, the Bureau's mission: collecting taxes through just enforcement of tax laws for nation-building and upliftment of the

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Thank You
For Your Attention