

## **Service of Warrants of Garnishment through E-Mail in Tax Collection**

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### **Revenue Regulations (“RR”) No. 11-2023**

The Department of Finance (“DOF”) issued RR No. 11-2023 which provided for guidelines for the Bureau of Internal Revenue (“BIR”) to the use of e-mail and electronic signature as an additional mode of service of the warrant of garnishment (“WG”) based on Section 208 of the National Internal Revenue Code of 1997 (“Tax Code”).



#### **1. Summary Remedies of the BIR – Garnishment of Bank Accounts**

The BIR, as the agency charged with the collection of taxes, is empowered by the Tax Code to enforce collection without the need to pursue the claim in court.

Among such powers is the ability to garnish bank accounts as provided in Section 208 of the Tax Code, quoted below:

“Bank accounts shall be garnished by serving a warrant of garnishment upon the taxpayer and upon the president, manager, treasurer or other responsible officer of the bank. Upon receipt of the warrant of garnishment, the bank shall turn over to the Commissioner so much of the bank accounts as may be sufficient to satisfy the claim of the Government.”

As pointed out by RR No. 11-2023, the previous practice for issuing WGs pursuant to the above provision is through physical service, or via constructive / substituted means<sup>1</sup> to the concerned depository banks. The additional use of e-mail as a mode of service for WG against bank deposits is thus intended to allow the BIR for a more “speedy, efficient and more effective way” to collect taxes.

#### **2. Guidelines for Service of WG by E-mail**

In order to comply with the e-mail service of WGs, the BIR shall observe the following procedures:

1. The Regional Director, Assistant Commissioner for Collection Service (“CS”), Assistance Commissioner for Large Taxpayers Service (“LTS”), and Chief of Large Taxpayers District Offices (“LTDOs”) shall issue and electronically sign the WGs issued against the deposits of the delinquent taxpayer;
2. The Collection Division, Accounts Receivable Monitoring Division (“ARMD”), LT-Collection Enforcement Division (“LTCED”), and the LTDO concerned (collectively, “the BIR office concerned”) shall use the official electronic mail address of the BIR office to transmit and serve the signed WGs to the Bank Head Offices and Bank Branches within the locality of the registered taxpayer simultaneously, showing details of tax liabilities of the taxpayers over which the corresponding WGs are served and issued;

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<sup>1</sup> These refer to the modes of service in case the party is not found in the registered address, or if the receiving party refuses to receive the document. This is generally done by sending of documents to the registered address by mail, or by leaving the document with a designated person or officer after non-receipt or refusal to receive by the receiving party.

3. Bank Head Offices and Bank Branches are required to provide their official e-mail address, if not yet available, to the concerned BIR office where they are registered;
4. The service of WG is considered complete at the time such e-mail is made, or when available, at the time that the electronic notification of service of the WG is sent. The BIR office concerned may request for an acknowledgment receipt of the signed WGs from the authorized official of the concerned banks;
5. The BIR official or employee who sent the e-mail shall execute an Affidavit of Service with printed proof of transmittal as proof of service. The affidavit shall be attached to the records of the docket of the case, together with a copy of the signed WGs sent via e-mail;
6. The BIR office concerned shall request the concerned banks to facilitate and act expeditiously on the issued WGs and send a reply through the official e-mail address of the BIR. Immediately thereafter, a copy of the served WGs together with the acknowledgment receipt shall be sent to the concerned delinquent taxpayer through their e-mail address, if applicable, and through registered mail to the address registered in the Integrated Tax System (“ITS”) and/or Internal Revenue Integrated System (“IRIS”);
7. The BIR office concerned shall also send a claim letter for the garnished amount, if any, via e-mail addressed to the concerned banks and issue an Authorization Letter to the handling Revenue Officer to collect the garnishable amount, and claim the manager’s check corresponding to the deposit/s of the taxpayer under garnishment pursuant to the information electronically transmitted to the BIR by the concerned banks; and
8. The Revenue Officer concerned shall remit the check in payment of the tax liabilities of the taxpayer concerned to the authorized agent bank where the taxpayer’s business is located.

### 3. Timing of Issuance of WGs

Although the BIR may pursue collection of delinquent taxes through summary administrative remedies, such power is not without limitation and the BIR must nevertheless observe due process prior to collection.

In the Supreme Court case of *Commissioner of Internal Revenue v. Pilipnas Shell Petroleum Corporation*,<sup>2</sup> declared the BIR’s collection of taxes through summary administrative remedies without a valid assessment “void and ineffectual”. Thus, the issuance of WGs pursuant to RR No. 11-2023 must still be viewed in connection with administrative proceedings (i.e. assessment) in the BIR.

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<sup>2</sup> G.R. No. 197945, dated July 9, 2018.

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