



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

National Office Building
Quezon City



August 4, 2026

REVENUE MEMORANDUM ORDER NO. 026-2026

TO : All Internal Revenue Officials and Employee Concerned

SUBJECT : Reclassification of Implementing Offices

I. BACKGROUND:

The Bureau of Internal Revenue (BIR) periodically reviews the classification of Revenue Regions (RRs) and Revenue District Offices (RDOs) to ensure that organizational structures remain responsive to evolving operational demands. For purposes of this review, the Large Taxpayers Service (LTS) shall be treated as a separate Revenue Region, while the Large Taxpayers Divisions (LTDs) in Cebu and Davao, as well as the Audit Offices, shall be treated as Revenue District Offices. Existing classifications may no longer adequately reflect variations in collection performance, taxpayer base, workload, service delivery requirements and splitted Revenue Regions.

Accordingly, a data-driven and objective approach is adopted to provide a more equitable basis for staffing, resource allocation, and administrative planning.

II. OBJECTIVES:

This Order aims to:

1. Update the classification of Implementing Offices using a data-driven and objective methodology;
2. Provide a basis for staffing, position allocation, and related administrative actions, consistent with operational requirements and with the policies and guidelines of the Department of Budget and Management and the Civil Service Commission on organizational efficiency, rationalization, and results-based performance management; and
3. Ensure the effective and efficient enforcement of internal revenue laws and regulations through the alignment of organizational structure and resource distribution with operational demands, thereby promoting equitable workload distribution, accountability, and fiscal prudence.

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BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION

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III. DATA USED AND METHODOLOGY

1. Data Used

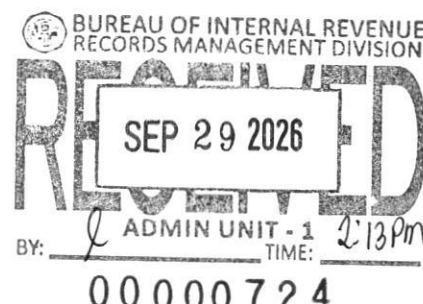
The classification is based on the following data:

- a. Percentage share of average RR/RDO collection relative to total average BIR collection for CY 2023–2025
(Source: Revenue Accounting Division, reconciled with the Bureau of the Treasury, as of February 24, 2026);
- b. Percentage share of active registered taxpayers per RR/RDO relative to total BIR active registered taxpayers for CY 2025
(Source: Information Systems Development and Operations Service (ISDOS), Information Systems Group (ISG), extracted as of May 21, 2026);
- c. Percentage share of the average number of RR/RDO transactions recorded through the Queueing System relative to total average BIR transactions for CY 2023–2025.
(Source: Client Support Service, as of May 26, 2026);
- d. Percentage share of the average number of RR/RDO transactions on the number of Electronic Certificates Authorizing Registration (eCARs) issued generated from transfer of Real and Personal Properties relative to total average BIR transactions for CY 2023–2025
(Source: APMD, Assessment Service, as of July 22, 2026);
- e. Percentage share of the number of tax returns filed per RR/RDO relative to total BIR tax returns filed for CY 2025
(Source: ISDOS, ISG, extracted as of June 17, 2026);
- f. Percentage share of the average number of RR/RDO Letter of Authority (LOA) relative to total average BIR LOAs for CY 2023–2025
(Source: APMD, Assessment Service, as of July 23, 2026); and
- g. Classification of Business Taxpayers under Section 21 of the National Internal Revenue Code of 1997 (NIRC) as amended (Micro, Small, Medium and Large) per RR/RDO as additional reference for staffing analysis
(Source: Information Systems Development and Operations Service (ISDOS), Information Systems Group (ISG), extracted as of May 21, 2026).

2. Methodology

The Class Indicator (CI) of each RR and RDO is computed as the weighted sum of the following components:

- a. Forty percent (40%) – Percentage share of average RR/RDO collection relative to average total BIR collection;
- b. Fifteen percent (15%) – Percentage share of RR/RDO active registered taxpayers relative to total BIR active registered taxpayers;
- c. Ten percent (10%) – Percentage share of average RR/RDO transactions recorded through the Queueing System relative to average total BIR transactions;
- d. Ten percent (10%) – Percentage share of average RR/RDO transactions on the number of eCARs issued generated from transfer of Real and Personal Properties relative to average total BIR transactions;
- e. Fifteen percent (15%) – Percentage share of RR/RDO tax returns filed relative to total BIR tax returns filed; and
- f. Ten percent (10%) – Percentage share of average RR/RDO number of LOAs relative to average total BIR LOAs.



Formula:

$$CI = X_1 + X_2 + X_3 + X_4 + X_5 + X_6$$

$$X_1 = \left\{ \frac{\text{Average RR/RDO Collection}}{\text{Average Total BIR Collection}} \times 100 \right\} \times 40\%$$

$$X_2 = \left\{ \frac{\text{RR/RDO Number of Active Registered Taxpayers}}{\text{Total BIR Number of Active Registered Taxpayers}} \times 100 \right\} \times 15\%$$

$$X_3 = \left\{ \frac{\text{Average RR/RDO Number of Transactions per Queueing System}}{\text{Average Total BIR Number of Transactions}} \times 100 \right\} \times 10\%$$

$$X_4 = \left\{ \frac{\text{Average RR/RDO Number of Transactions on eCARs}}{\text{Average Total BIR Number of Transactions}} \times 100 \right\} \times 10\%$$

$$X_5 = \left\{ \frac{\text{RR/RDO Number of Tax Returns Filed}}{\text{Total BIR Number of Tax Returns Filed}} \times 100 \right\} \times 15\%$$

$$X_6 = \left\{ \frac{\text{Average RR/RDO Number of LOAs Issued}}{\text{Average Total BIR Number of LOAs Issued}} \times 100 \right\} \times 10\%$$

3. Distribution of Revenue Regions and Revenue District Offices by Class

Under the revised classification, all RRs shall be grouped into five (5) classes, designated as Classes A, B, C, D, and E, while all RDOs shall be categorized into eight (8) classes, namely Classes A, B, C, D, E, F, G, and H. The G classification consists of areas generally categorized as remote or geographically isolated municipalities and provinces. The framework likewise covers the nine (9) Island Districts which mostly fall under Class G based on the required computation criteria. However, taking into account their operational and administrative characteristics, these RDOs were automatically identified as Class H. The only exceptions are RDO No. 36 (Palawan) and RDO No. 84 (Bohol), which are placed in higher classes based on the prescribed evaluation criteria.

The distribution of RRs and RDOs across classes is determined using the CI, applying a normal distribution approach to ensure a balanced and objective classification.



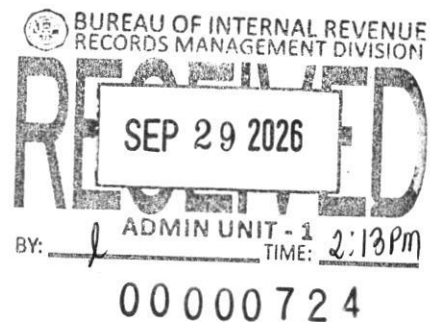
The corresponding distribution tables are presented below:

DISTRIBUTION OF REVENUE REGIONS BY CLASS

CLASS	CLASS LIMIT	NUMBER OF RRs
A	8.12 - 10.32	4
B	5.30 - 8.11	5
C	2.37 - 5.29	6
D	1.77 - 2.36	4
E	1.43 - 1.76	3
TOTAL		22

DISTRIBUTION OF REVENUE DISTRICT OFFICES BY CLASS

CLASS	CLASS LIMIT	NUMBER OF RDOs
A	1.86 - 4.62	13
B	1.24 - 1.85	15
C	0.73 - 1.23	20
D	0.48 - 0.72	24
E	0.32 - 0.47	19
F	0.20 - 0.31	15
G	0.04 - 0.19	11
H		7
TOTAL		124



IV. CLASSIFICATION OF ISLAND REVENUE DISTRICT OFFICES

The classification of the Island Revenue District Offices (RDOs) reflects their relative size, workload, and operational requirements as shown below.

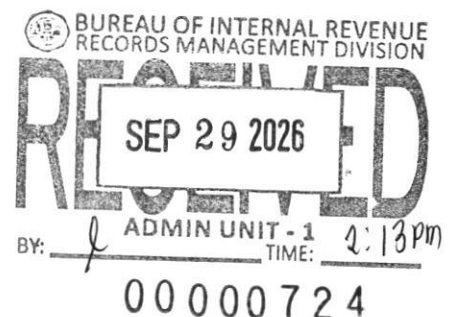
IMPLEMENTING OFFICE	CLASS
6 CITY OF MANILA AND PALAWAN	
36. Palawan	D
9A CABAMIRO	
35. Romblon	H
9B LAQUEMAR	
62. Marinduque	H
10 BICOL REGION	
69. Catanduanes	H
70. Masbate	H
13 CENTRAL VISAYAS REGION	
84. Bohol	C
15 ZAMBOANGA PENINSULA AND TAWI-TAWI	
94. Isabela City (Non-BARMM)/Basilan (BARMM)	H
95. Sulu	H
96. Tawi-Tawi (BARMM)	H

V. CLASSIFICATION BY IMPLEMENTING OFFICE

The LTS, and LT Audit Divisions including LTDs Cebu and Davao, shall be classified as Class A.

The lists of the Implementing Offices, together with their corresponding classifications, are attached as Annexes A to C of this Order.

The number of taxpayers classified as Micro, Small, Medium, and Large (MSML) under Section 21 of the National Internal Revenue Code of 1997 (NIRC), as amended, is attached hereto as supplemental data (Annex D) for staffing analysis of the BIR's core functions, namely: Registration, Filing, Payment, Compliance, Enforcement/Audit, and Support Services. Such analysis shall likewise take into account the number of tax returns filed and taxes paid under each MSML classification to ensure the reasonable allocation of personnel across functions and establishment of section/s deemed necessary for public service. Finally, the Key Performance Indicators (KPIs) shall also be adjusted based on the RDO classification and taxpayer classification.



VI. UPDATING OF CLASSIFICATION

The classification of Implementing Offices shall be updated as necessary considering changes in law, rules, regulations, processes and other justifiable circumstances duly approved by the Commissioner.

VII. REPEALING CLAUSE

All issuances inconsistent with this Order are hereby repealed, amended, or modified accordingly.

VIII. EFFECTIVITY

This Order shall take effect immediately upon approval.




CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue

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