REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

July 9, 2012

REVENUE MEMORANDUM CIRCULAR NO. 31-2012

SUBJECT: Computation of Penalties on Dishonored Checks

TO : All Internal Revenue Officers, Employees and Others Concerned

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It has been observed by the BIR- Commission on Audit (COA) Resident Auditor that the BIR has been under-collecting the penalties on dishonored checks prescribed under Revenue Memorandum Order No. 19-007 dated August 8, 2007 due to failure by the concerned offices to strictly adhere to the guidelines and policies provided under the said Order.

In order to ensure that all concerned officials and employees are correctly imposing the correct amount of penalties on dishonored checks, the policies in Section II and the guidelines and the instructions in Section III of the abovementioned RMO is hereby reiterated for your strict compliance as follows:

II. **Policies**

"1. In all cases of criminal violations of the National Internal Revenue Code of 1997, as amended, not involving the commission of fraudulent act, it is directed that henceforth, compromise penalties to be imposed shall follow strictly the amounts in the attached "Revised Schedule of Compromise Penalties", marked as Annex "A" xxx.

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III. **Guidelines and Instructions**

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3. In no case shall the compromise penalty differ in amount from those specified in the aforementioned Schedule, except when duly approved by the Commissioner or concerned Deputy Commissioner, or in proper cases, by the Regional Directors;

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5. Since compromise penalties are only amounts suggested in settlement of criminal liability, and may not therefore be imposed or exacted on the taxpayer, the violation shall be referred to the appropriate office for

criminal action in the event that a taxpayer refuses to pay the suggested compromise penalty;

6. The schedule of compromise penalties prescribed in RMO No. 19-007 shall not prevent the Commissioner or his duly authorized representative from accepting a compromise amount higher than what is provided thereof. A compromise offer lower than the prescribed amount may be accepted after approval by the Commissioner of Internal Revenue or the concerned Deputy Commissioner/ Assistant Commissioner/ Regional Director.

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It is likewise reminded that Section 275 of the NIRC of 1997 as amended, provides that "Any person who violates any provision of this Code or any rule or regulation promulgated by the Department of Finance, for which no specific penalty is provided by law, shall, upon conviction for each act or omission, be punished by a fine of not more than One thousand pesos (P1,000) or suffer imprisonment of not more than six (6) months, or both.

All internal revenue officers and others concerned are hereby enjoined to strictly comply with the provisions of this Circular.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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