REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

June 9, 2005

REVENUE REGULATIONS NO. 15 - 2005

SUBJECT: Providing for Policies and Guidelines for the Abatement of Surcharges in Relation to the Filing of Amended Tax Returns Filed under Certain Conditions

TO: All Internal Revenue Officers and Others Concerned

Section 1. Background. – With the support of the Operations: RATE (Run After Tax Evaders), a joint undertaking by the Department of Finance and the Bureau of Internal Revenue, the Bureau has adopted the policy that "Tax Evaders shall be caught and punished even as tax compliance shall be facilitated and made easy for honest taxpayers." In relation thereto, the Bureau shall enforce the criminal remedies provided for under the national Internal Revenue Code of 1997 (Code), among which are Sections 254, 255 and 256. However, the Bureau have been receiving request from various taxpayers who want to rectify the returns they have previously submitted and pay any and all deficiency taxes and increments thereto, but are requesting the abatement of the surcharges mandated under Section 248 of the Code which provides as follows:

"**Section 248.** *Civil Penalties.* –

(A) There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to twenty-five percent (25%) of the amount due, in the following cases:

(1) Failure to file any return and pay the tax due thereon as required under the provisions of this Code or rules and regulation on the date prescribed; or
(2) Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed; or
(3) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or
(4) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of this Code or rules and regulations, or the full amount of tax due for which no return is required to be filed, on or before the date prescribed for its payment…"

Section 2. Abatement of Surcharges. – In view of the foregoing, and in the exercise of the power granted to the Commissioner or Internal Revenue under Section 204 of the Code, taxpayers who desire to rectify their return to reflect their

correct income and/or pay the correct taxes due may file an amended return and pay the deficiency taxes due thereon inclusive of interest, either in full or in installments, but shall pay surcharge thereon in accordance with the following schedule:

Payment of deficiency tax plus interest	Surcharge payable
a. Any amount paid on or before July 31, 2005	0% of amount paid
b. Any amount paid after July 31, 2005 but not later than August 31, 2005	5% of amount paid
c. Any amount paid after August 31, 2005 but not later than September 30, 2005	10% of amount paid
d. Any amount paid after September 30, 2005 but not later than October 31, 2005	15% of amount paid
e. Any amount paid after October 31, 2005 but not later than November 30, 2005	20% of amount paid
f. Any amount paid after November 30, 2005 but not later than December 31, 2005	23% of amount paid

Provided; That the following conditions shall be satisfied:

a. The amended returns shall have been filed and payment of the deficiency taxes inclusive of increments due thereon shall be received by the Bureau no later than December 31, 2005;

b. If payment of deficiency taxes inclusive of increments due thereon are paid in installments, all installment payments must be made on or before December 31, 2005, and each installment payment shall be subject to the surcharge rate provided in the table above corresponding to when the installment payment was actually received by the BIR;

c. The amendment made on the return only involves an upward adjustment of the amount pertaining to the gross revenue/receipts and/or a downward adjustment of the amount pertaining to any deduction from the gross revenue/receipts;

d. No letter of authority, letter notices, or discrepancy notices of whatever nature have been served on the taxpayer concerned for the tax period for which an amendment is being filed for; and

e. If an amended return or deficiency tax payment arises from or relates to an importation, the taxpayer must submit satisfactory proof of payment of all duties and taxes payable to the Bureau of Customs.

The amendment of the returns and payment of deficiency taxes made pursuant to these Regulations presuppose a full and accurate disclosure by the taxpayer, and shall not preclude the Bureau of Internal Revenue from investigating the correctness or sufficiency thereof and/or prosecuting criminal violations in appropriate cases. Nor shall it extinguish any criminal liability which may have already attached.

Section 3. Effectivity. – These Regulations shall take effect immediately after publication in 2 leading newspapers of general circulation.

Approved by:

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO JR.
Commissioner of Internal Revenue