REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

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REVENUE REGULATIONS NO. 6-2024

SUBJECT: **Implementing Section 45 of Republic Act No. 11976, otherwise known as the "Ease of Paying Taxes Act", on Imposition of Reduced Interest and Penalty Rates for Micro and Small Taxpayers**

TO: **All Internal Revenue Officials, Employees and Others Concerned**

SECTION 1. ***Scope.*** – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), in relation to Section 47 of Republic Act (RA) No. 11976, otherwise known as the "Ease of Paying Taxes (EOPT) Act", these Regulations are hereby promulgated to implement Section 45 of the EOPT Act on the imposition of reduced interest and penalty rates for micro and small taxpayers.

SECTION 2. ***Coverage.*** – These Regulations shall cover micro and small taxpayers as classified under Section 21 (B) of the Tax Code, as amended by the EOPT Act, to wit:

a. **"Micro Taxpayer"** – shall refer to a taxpayer whose gross sales for a taxable year is less than Three Million Pesos (P3,000,000.00).

b. **"Small Taxpayer"** – shall refer to a taxpayer whose gross sales for a taxable year is Three Million Pesos (P3,000,000.00) to less than Twenty Million Pesos (P20,000,000.00).

SECTION 3 ***Imposition of Civil Penalties.*** — There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to ten percent (10%) of the amount due, in the following cases:

(A) Failure to file any return and pay the tax due thereon as required under the provisions of the Tax Code or rules and regulations, on the date prescribed.

Provided, that no penalty shall be imposed to an amendment of a tax return if the covered taxpayer filed the initial tax return and paid the tax due thereon, on or before the prescribed due date for its filing.

Provided, further, that in case of a deficiency tax assessment as a result of a tax audit, a penalty shall be imposed on the tax deficiency if the particular tax return being audited was found to have been filed beyond the prescribed period or due date;

(B) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or

(C) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of the Tax 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.

In case of a willful neglect to file a return within the period prescribed by the Tax Code or by rules and regulations, or for false or fraudulent filing of return, a penalty at the rate of fifty percent (50%) of the tax, or of deficiency tax in case of payment made before the discovery of the falsity or fraud, shall be imposed. Provided, that a substantial under-declaration of taxable sales or income, or a substantial overstatement of deductions, as determined by the Commissioner of Internal Revenue pursuant to the rules and regulations promulgated by the Secretary of Finance, shall constitute prima facie evidence of a false or fraudulent return.

For this purpose, "*substantial under-declaration of taxable sales or income*" shall mean failure to report sales or income in an amount exceeding thirty percent (30%) of the declared per return; while "*substantial overstatement of deductions*" shall mean a claim of deductions in an amount exceeding thirty percent (30%) of actual deductions.

SECTION 4. ***Imposition of Interest*** – There shall be assessed and collected on any unpaid amount of tax by the covered taxpayers, an interest at the reduced rate of fifty percent (50%) of the interest rate mandated in Section 249 of the Tax Code.

For this purpose, the legal interest imposable to covered taxpayers shall be six percent (6%). In case a new legal interest rate is prescribed, the Commissioner of Internal Revenue shall issue a separate Circular therefor.

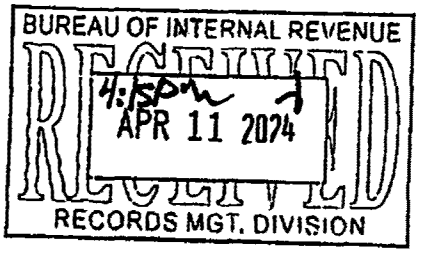
SECTION 5. ***Imposition of penalty for failure to file certain information returns.*** – In case of failure to file an information return, statement or list, or keep any record, or supply any information as may be required, on the date prescribed therefor, a penalty of Five Hundred Pesos (P500.00) shall be paid for each such failure by the covered taxpayer, upon notice and demand by the Commissioner of Internal Revenue.

In no case shall the aggregate amount to be imposed for all such failures during a calendar year exceed Twelve Thousand Five Hundred Pesos (P12,500.00).

SECTION 6. ***Compromise Penalty.*** – In case of criminal violation by covered taxpayers of Sections 113, 237, and 238 of the Tax Code, not involving fraud, a reduced compromise penalty rate of fifty percent (50%) of the applicable rate or amount of compromise under Annex "A" of Revenue Memorandum Order No. 7-2015 and its subsequent amendments, if any, shall be applied.

For this purpose, the compromise penalty shall be collected in lieu of criminal prosecution for violation committed, where payment is based on a compromise agreement validly entered into between the covered taxpayer and the Commissioner of Internal Revenue.

Provided, that, in no case shall the compromise penalty differ in amount from those specified in these Regulations, except when duly approved by the Commissioner of Internal Revenue, or his duly authorized representatives.



Provided, further, that the compromise penalty herein prescribed shall not prevent the Commissioner of Internal Revenue, or his duly authorized representatives, from accepting a compromise amount higher than what is provided hereof.

Provided, lastly, that a compromise offer lower than the prescribed amount may be accepted after approval by the Commissioner of Internal Revenue, or his duly authorized representatives.

SECTION 7. ***Applicability.*** – These Regulations shall apply prospectively in accordance with Section 51 of RA No. 11976.

SECTION 8. ***Separability Clause.*** — – If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 9. ***Repealing Clause.*** – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with any provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 10. ***Effectivity.*** – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR official website, whichever comes first.

RALPH G. RECTO
Secretary of Finance
APR 08 2024

Recommending Approval:

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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