

Advisory on Voluntary Assessment and Payment Program for TY 2018

	<u>PAGE NOS.</u>
BIR REVENUE REGULATION NO. 21-2020 Voluntary Assessment and Payment Program for Taxable Year 2018	5

20/F Chatham House
Valero cor. Rufino Sts.



Salcedo Village
Makati Zip Code



www.bdblaw.com.ph
info@bdblaw.com.ph



T: (632) 403-2001
F: (632) 403-2001 loc. 130



Copyright © 2020 by Du-Baladad and Associates (BDB Law). All rights reserved. No part of this issue covered by this copyright may be produced and/or used in any form or by any means – graphic, electronic and mechanical without the written permission of the publisher.

MEMBER FIRM OF

wts global

VOLUNTARY ASSESSMENT AND PAYMENT PROGRAM
FOR TAXABLE YEAR 2018

General Guidelines

<i>Coverage</i>	All internal revenue taxes, including taxes on one-time transactions, covering: <ul style="list-style-type: none"> ➤ Taxable year ending December 31, 2018 ➤ Fiscal year ending on the last day of the months of July 2018 to June 2019
<i>Qualified Taxpayers</i>	Any person, natural or juridical, including estates and trusts Exceptions: <ul style="list-style-type: none"> ➤ Those who have already been issued a FAN that has become final and executory on or before the effectivity of the regulation; ➤ Persons under investigation as a result of verified information under Section 282 of the 1997 NIRC, as amended, with respect to such deficiency taxes; ➤ Those with cases involving tax fraud filed and pending in the DOJ or in the courts; and ➤ Those with pending tax evasion cases and other criminal offenses under Chapter II of Title X of the 1997 NIRC, as amended
<i>Period of availment</i>	Until December 31, 2020 unless extended by the Secretary of Finance
<i>Mode of payment</i>	Voluntary payment should be in CASH as a condition to avail
<i>Venue of payment</i>	BIR AAB or RCO under the LT Office/RDO having jurisdiction of the taxpayer <u>except</u> ONETT involving sale of property which must be filed/paid with the AABs/RCOs under the RDO covering the location of the property

Amounts of Payment for Availment

For Income Tax (“IT”), Value-Added Tax (“VAT”), Percentage Tax (“PT”), Excise Tax (“ET”), and Documentary Stamp Tax (“DST”) other than DST on ONETT – Voluntary payment is computed as follows:

Increase/Decrease in Total Taxes Due from 2017 to 2018 (A)	Amount of Voluntary Tax Payment – Whichever is higher: (B)	Minimum Amount (C)
Net increase of not more than 10%	3% of 2018 Gross Sales or 7% of 2018 Taxable Net Income	Individuals, estates, and trusts – ₱75,000.00 Corporations – With subscribed capital of:
Net increase of more than 10% up to 30%	2% of 2018 Gross Sales or 6% of 2018 Taxable Net Income	<ul style="list-style-type: none"> ➤ More than ₱50 Million – ₱1,000,000.00 ➤ More than ₱20 Million up to ₱50 Million – ₱500,000.00 ➤ More than ₱5 Million up to ₱20 Million – ₱250,000.00 ➤ ₱5 Million and less – ₱100,000.00
Net increase of more than 30%	1% of 2018 Gross Sales or 5% of 2018 Taxable Net Income	
Net decrease of not more than 10%	4% of 2018 Gross Sales or 8% of 2018 Taxable Net Income	
Net decrease of more than 10%	5% of 2018 Gross Sales or 9% of 2018 Taxable Net Income	Other juridical entities (cooperatives, foundations, GPPs, etc.) – ₱75,000.00

Wherein:

- Amount to be paid must be the **higher amount in column (B) but in no case should it be less than the amount in column (C)**;
- **“Total Taxes Due”** shall refer to sum of all tax due per tax returns (IT, PT, ET, and DST) and net VAT payable before deducting creditable withholding tax, quarterly payment and advance payment;

- “**Gross Sales**” and “**Taxable Net Income**” shall be based on the AITR for TY ending December 31, 2018 and fiscal year 2018 (ending on the last day of the months of July 2018 to June 2019);
- In case a non-ONETT tax deficiency has already been paid for cases not excluded from the voluntary assessment and payment program, the basic deficiency tax paid shall be added to the tax due in the 2018 tax returns in computing the amount of voluntary payment;
- Taxpayers must apply for **all registered taxes** in order to avail of the program;
- Any voluntary payment is construed as a **waiver of the right to claim for refund/credit**, notwithstanding the collection thereof from an erroneous payment; and
- Taxpayers who failed to file the tax return/pay taxes for taxable year 2018 may still avail of the program provided that the unfiled tax returns shall first be filed and/or unpaid taxes plus corresponding penalties for late filing and payment shall first be paid.

For Final Withholding Taxes (“FWT”) and Creditable Withholding Taxes (“CWT”) other than CWT on ONETT – Voluntary payment shall be **five percent (5%)** of the total basic withholding tax remittance for taxable year 2018, wherein:

- Taxpayers must apply for **all registered taxes** in order to avail of the program; and
- Any voluntary payment is construed as a **waiver of the right to claim for refund/credit**, notwithstanding the collection thereof from an erroneous payment.

For taxes on ONETT – Voluntary payment shall be the basic tax due of the unfiled tax return/unpaid tax due **plus five percent (5%)**.

Documentary Requirements

Mandatory Requirements:

1. Duly accomplished Application Form (BIR Form No. 2219); and
2. Payment Form (BIR Form No. 0622) with proof of payment.

Additional Requirements:

1. Copy of duly paid and signed BIR Form No. 0605 and proof of payment representing settlement of previous deficiency tax, with or without assessment notice, if any;
2. *For IT, VAT, PT, ET, and DST other than DST on ONETT:*
 - a. Filed tax returns;
 - b. Proof of payment of taxes paid in 2017 and 2018; and
 - c. Audited Financial Statements for the covered taxable year.

3. *For FWT and CWT:*
 - a. Remittance returns; and
 - b. Proof of payment of FWTs and CWTs.
4. *For taxes on ONETT:*
 - a. Duly accomplished ONETT tax returns; and
 - b. Corresponding documentary requirements for the transaction.

Submission of Documentary Requirements

The application with the required documents shall be filed personally or through carrier service with the LTO office/RDO having jurisdiction over the taxpayer. Non-submission or erroneous/incomplete/falsified information shall **not entitle** the taxpayer to the program.

Processing of Applications

Processing for approval of application



Approval of Application

A **Certificate of Availment** shall be issued by the concerned LT Office/RDO within three (3) working days from approval of the application.

In case of deficiencies or defects in availment

Approving official shall notify the taxpayer via email (as provided in the BIR Form No. 2119) and shall require the taxpayer to rectify the defects and/or comply with/pay the deficiencies within **ten (10) working days** from receipt of the notification/email.

Effect of taxpayer's failure to act and/or pay the amount within the 10-day period

Such failure shall result in the **denial** of the application.

Effects of Valid Availment

A taxpayer with a duly issued Certificate of Availment:

Status of Audit for TY 2018	Effects
If no current audit	The taxpayer shall not be audited for taxable year 2018 for the tax types covered by the availment.
If currently being audited	<ul style="list-style-type: none"> ➤ The audit shall be suspended while the availment is under evaluation and shall resume if found invalid. ➤ If valid, the Certificate of Availment shall be issued and the LOA, TVN, DN, NIC, PAN, FAN shall be withdrawn and cancelled.

However, even if there is an issued Certificate of Availment, the availment shall be rendered invalid and shall be subject to audit or investigation in the following instances:

- When there is a strong evidence or findings of under-declaration of sales, receipts, or income or overstatement of deductions by more than 30%; and/or
- When there is verifiable information that the taxpayer has withheld but failed to remit withholding taxes.

Treatment of Invalid Availment/Deficient or Defective Availment

Voluntary payments may be applied against any deficiency tax liability for the taxable year 2018, in case of audit/investigation.

Non-admission of Fraud or Erroneous Payment

The act of voluntary payment shall not be deemed as an admission on the part of the taxpayer that there was fraud in the declaration of its taxes and/or there was intention to pay the tax erroneously

Source:

BIR Revenue Regulations No. 21-2020