

Voluntary Assessment and Payment Program (for TY 2018)

A program for the collection of additional tax revenues, which could otherwise be collected through audit and enforcement effort.

Similar Programs In Previous Years

Issuance	Title	Basic Feature
	Last priority in audit and investigation program	Granted some sort of (relative or absolute) immunity from investigation for taxpayers who corrected their tax returns and pay deficiency taxes.
RMO Nos. 36-96, 10-97, 59-97, 60-97, 63-97	Voluntary Assessment Program (I and II)	Gave taxpayers with discrepancies in their declared tax bases opportunity to amend or rectify their tax returns by paying the deficiency taxes and start with clean slates, granting availing taxpayers last priority in audit
RR Nos. 2-99, 6-99	Economic Recovery Assistance Payment Program	Granted immunity from audit and investigation for the taxable year 1998 for taxpayers who would pay 20% more than his 1997 tax payment
RR Nos. 8-01, 10-01, 16-01, 21-01	Voluntary Assessment Program	Granted the privilege of last priority in audit and investigation on all the internal revenue taxes of taxpayers who voluntarily paid a certain percentage over and above the basic tax due per return

Similar Programs In Previous Years

Issuance	Title	Basic Feature
RR No. 12-02, 17-02, 223-02, 28-02	Voluntary Assessment and Abatement Program	Allowed taxpayers with underdeclared sales or income to settle their tax liabilities resulting from such underdeclaration. Payment constituted an abatement or cancellation of surcharge, interest and penalties.
RR 18-05	Enhanced Voluntary Assessment Program	Provided opportunity for delinquent taxpayers to voluntarily settle their unpaid national internal revenue tax liabilities, granting qualified taxpayers the privilege of last priority in audit and investigation
EO 399/422; RR Nos. 6-05, 10-05	No Audit Program	Delinquent taxpayers who qualified under the program were exempted from audit and investigation upon voluntarily declaration and payment of higher taxes
RR 18-06	Improved Voluntary Assessment Program	Provided opportunity for delinquent taxpayers to voluntarily settle their unpaid tax liabilities, and granted qualified taxpayers the privilege of last priority in audit and investigation.

COVERAGE

All internal revenue taxes, including taxes on one-time transactions, covering:

Taxable year ending
December 31, 2018

Fiscal year ending on the
last day of the months of
July 2018 to June 2019

QUALIFIED AND DISQUALIFIED TAXPAYERS



Any person, natural or juridical, including estates and trusts



Those who have already been issued a FAN that has become final and executory on or before the effectivity of the regulations

Those with cases involving tax fraud filed and pending in the DOJ or in the courts

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 pending tax evasion cases and other criminal offenses under Chapter II of Title X of the 1997 NIRC, as amended

PERIOD OF AVAILMENT

Voluntary Assessment and Payment Program for TY 2018 may be availed until

DECEMBER 31, 2020

Unless **EXTENDED** by the Secretary of Finance

MODE AND VENUE OF PAYMENT



- Voluntary payment should be in CASH as a condition to avail
- Non-cash payment, such as TDM, does not qualify as valid payment



- BIR AAB or RCO under the LT Office/ RDO having jurisdiction of the taxpayer **except** ONETT involving sale of property which must be filed/paid with the AABs/RCOs under the RDO covering the location of the property
- Separate applications may be made for non-ONETT and ONETT

AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])

The amount of voluntary tax payment will depend on:

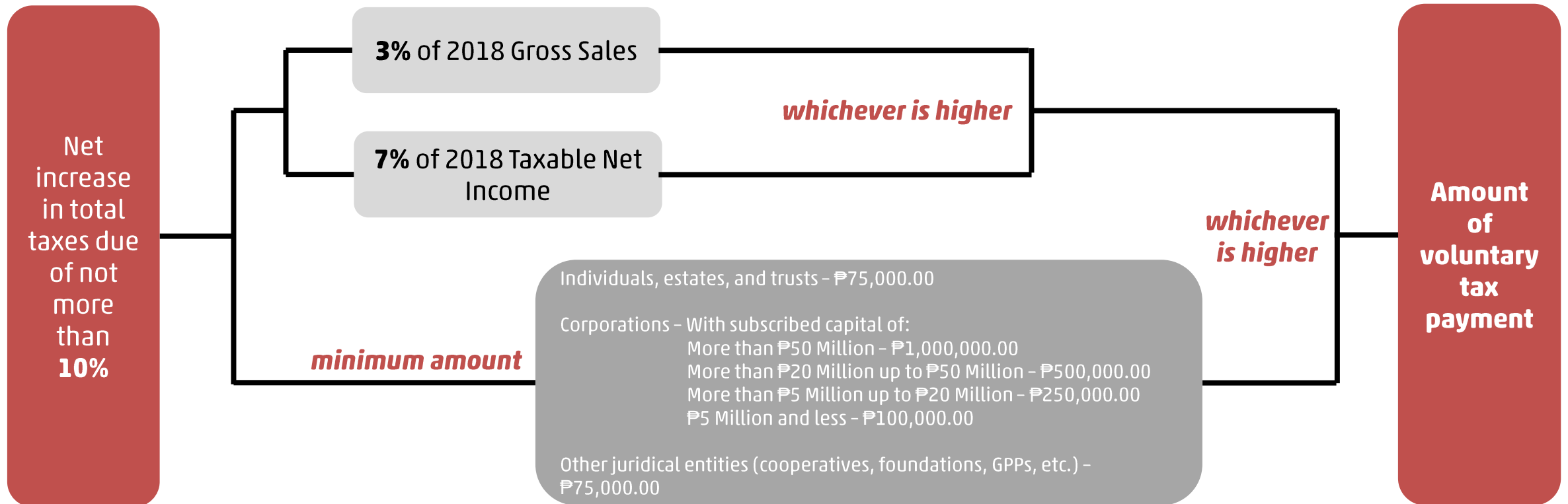
- the amount of net increase/decrease in **total taxes due** (from 2017 to 2018); and
- the higher of respective percentages of **gross sales** or **taxable net income** but in no case should it be less than the prescribed minimum amounts.

Total Taxes Due shall refer to sum of all taxes 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)

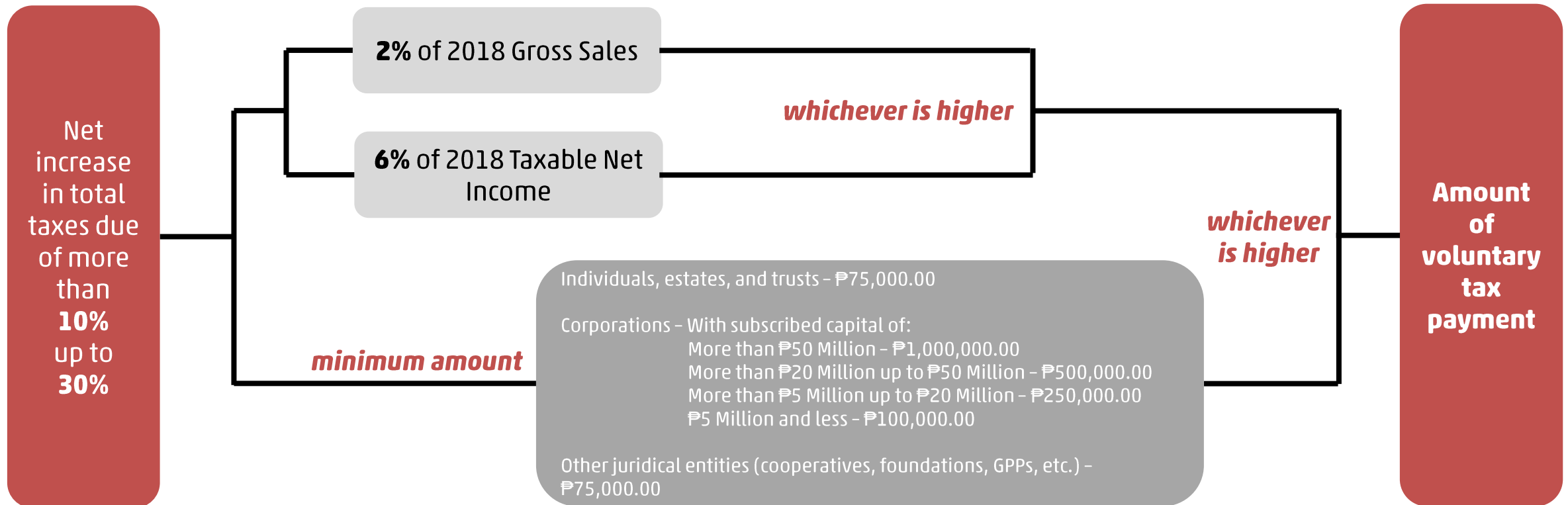
AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])



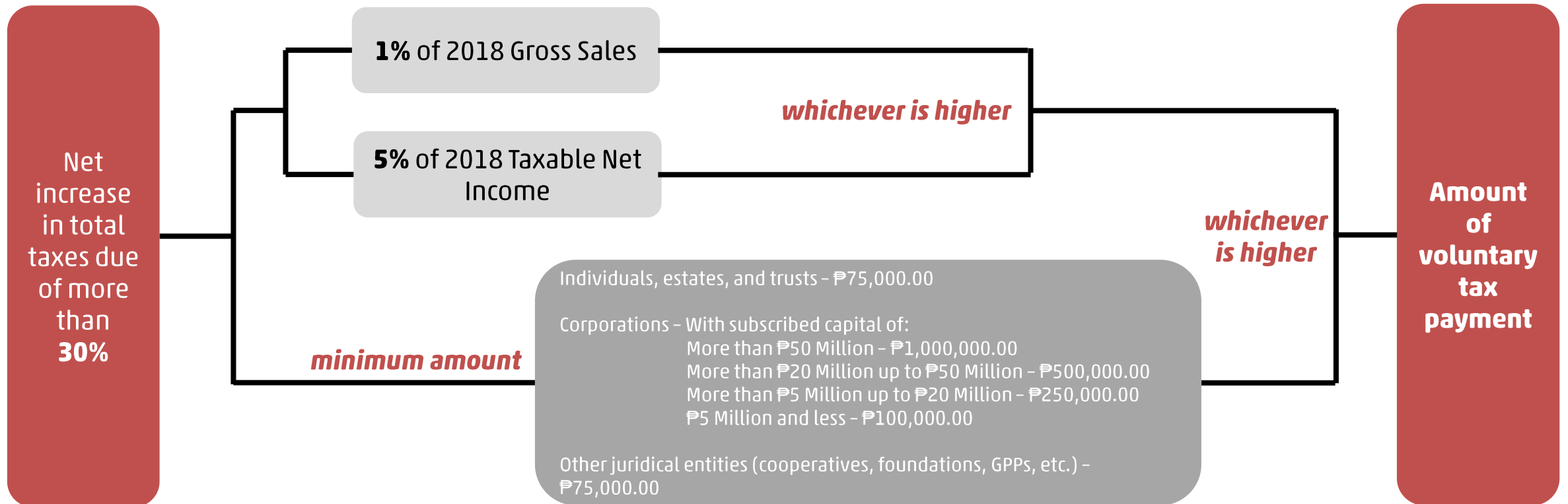
AMOUNT OF PAYMENT

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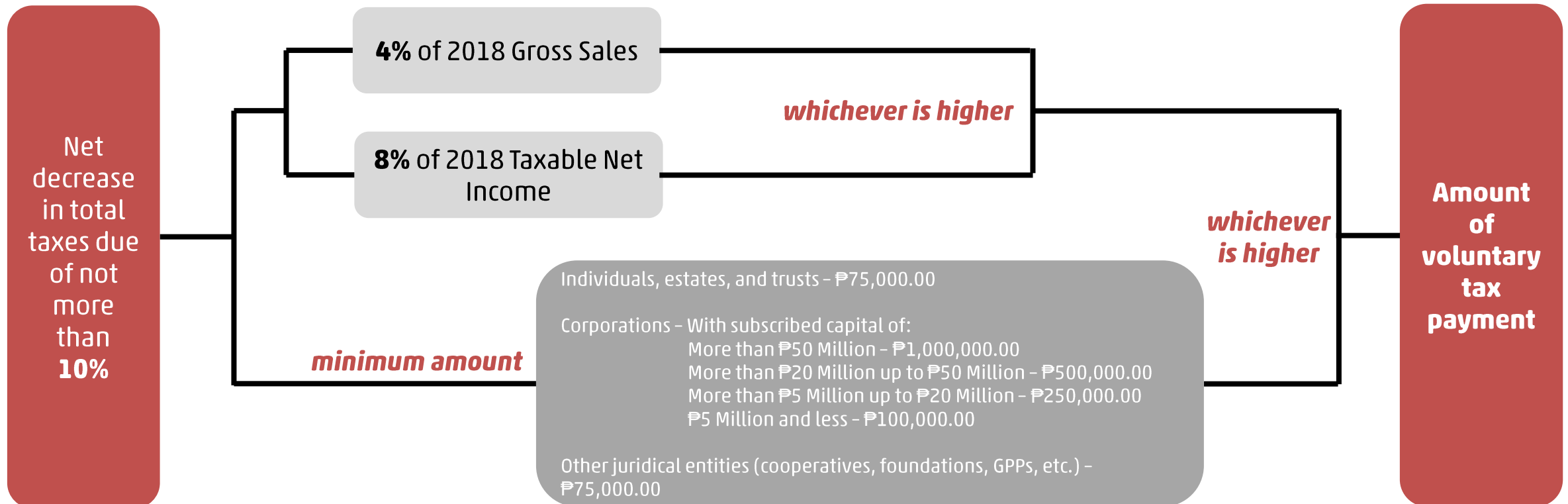
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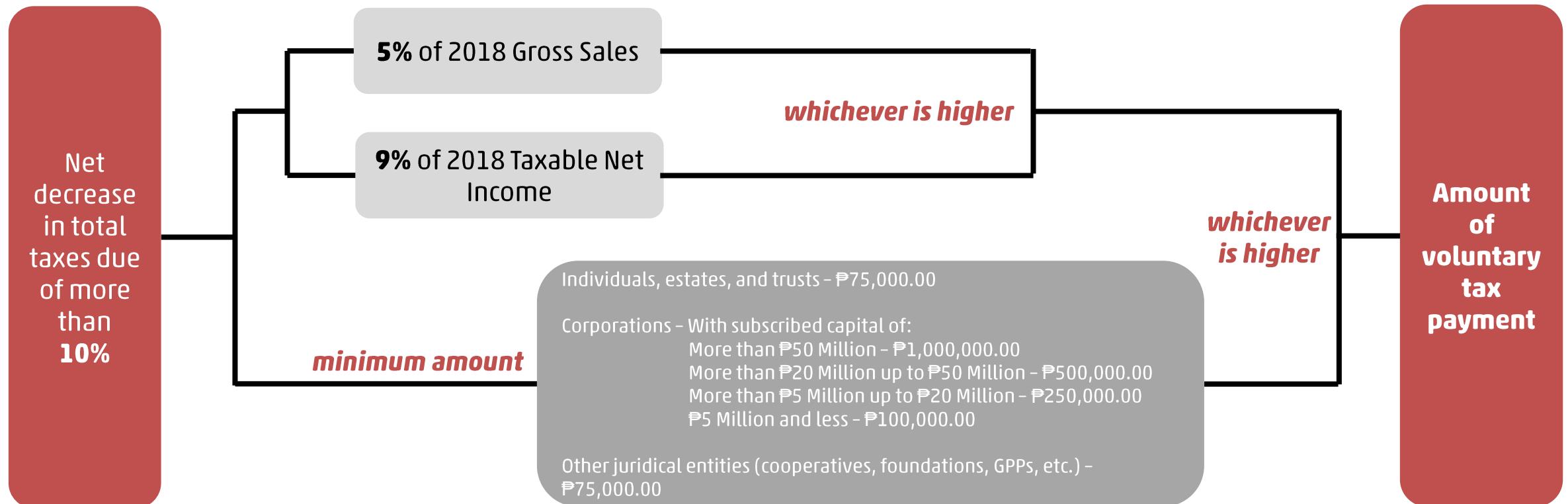
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AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])

Increase/Decrease in Total Taxes Due From 2017 to 2018	Amount of Voluntary Tax Payment - Whichever is higher:	Minimum Amount
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: ➤ 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 10% up to 30%	2% of 2018 Gross Sales or 6% of 2018 Taxable Net Income	
Net increase of more than 30%	1% of 2018 Gross Sales or 5% of 2018 Taxable Net Income	Other juridical entities (cooperatives, foundations, GPPs, etc.) - ₱75,000.00

AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])

Increase/Decrease in Total Taxes Due From 2017 to 2018	Amount of Voluntary Tax Payment - Whichever is higher:	Minimum Amount
Net decrease of not more than 10%	4% of 2018 Gross Sales or 8% of 2018 Taxable Net Income	Individuals, estates, and trusts - ₱75,000.00 Corporations - With subscribed capital of: ➤ 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 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

AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])

- 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

AMOUNT OF PAYMENT

(for IT, VAT, PT, ET, DST [other than ONETT])

- 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.

ILLUSTRATION

(for IT, VAT, PT, ET, DST [other than ONETT])

Corporation A, a VAT-registered entity, with subscribed capital of P15,000,000 had the following taxes due for taxable years 2018 and 2019:

Tax Type	TY 2018	TY 2019
Income Tax	300,000.00	405,000.00
Value-Added Tax	200,000.00	220,000.00
Excise Tax	300,000.00	250,000.00
TOTAL TAXES DUE	800,000.00	875,000.00

Gross Sales: P22,000,000.00

Taxable Net Income: P 1,350,000.00

ILLUSTRATION

(for IT, VAT, PT, ET, DST [other than ONETT])

Availment of VAPP would require payment of tax amounting to **P600,000**, computed as follows:

STEPS	
Compute for the percentage increase in total taxes due (TY 2018 and 2019) $(875,000 - 800,000) / 800,000$	9.375%
Net increase of not more than 10%: 3% of 2018 gross sales (P22,000,000.00) = P660,000 7% of 2018 net taxable income (P1,350,000.00) = P94,500	Higher amount is P660,000.00
Minimum amount for a corporation with a subscribed capital of more than P5,000,000.00 but not more than P20,000,000.00	P250,000.00
Required amount payable under VAPP (Higher of the computed amount and the minimum amount)	P660,000.00

AMOUNT OF PAYMENT

(for FWT and CWT [other than ONETT])

- Voluntary payment shall be **five percent (5%)** of the total basic withholding tax remittance for taxable year 2018
- 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

ILLUSTRATION

(for FWT and CWT [other than ONETT])

Company A has remitted final and creditable withholding taxes for TY 2018 amounting to P45,000.00 and P200,000.00, respectively. Availment of VAPP would require payment of tax amounting to **P12,250.00**, computed as follows:

Steps	
Final withheld taxes remitted	P 45,000.00
Creditable withheld taxes remitted	200,000.00
Total amount remitted	P245,000.00
Multiply by	5%
Required amount payable under VAPP	P 12,250.00

AMOUNT OF 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%)**

ILLUSTRATION

(for taxes on ONETT)

In 2018, B sold a 350 square meter parcel of land with applicable zonal value at the time of sale of P3,000/sqm and FMV per Tax Declaration amounting to P800,000.00. The CGT and DST were not paid in 2018. Availment of VAPP would require payment of tax amounting to P82,687.50, computed as follows:

	CGT	DST
Taxable Base (P3,000.00 x P350.00)	P1,050,000.00	P1,050,000.00
Tax Rate	6%	/(P1,000.00 x P15.00)
CGT/DST Due	P63,000.00	P15,750.00
Additional 5% VAPP Amount	3,150.00	787.50
Required amount payable under VAPP	P66,150.00	P16,537.50
	P82,687.50	

MANDATORY DOCUMENTARY REQUIREMENTS

- Duly accomplished Application Form (BIR Form No. 2219)
- Payment Form (BIR Form No. 0622) with proof of payment

ADDITIONAL DOCUMENTARY REQUIREMENTS

➤ 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 (period for which availment is made)

➤ Copies of the following:

For IT, VAT, PT, ET, and DST
other than DST on ONETT:

Filed tax returns;

Proof of payment of taxes paid
in 2017 and 2018

AFS for the covered taxable year.

For FWT and CWT:

Remittance returns

Proof of payment of FWTs and
CWTs.

For taxes on ONETT:

Duly accomplished ONETT tax
returns

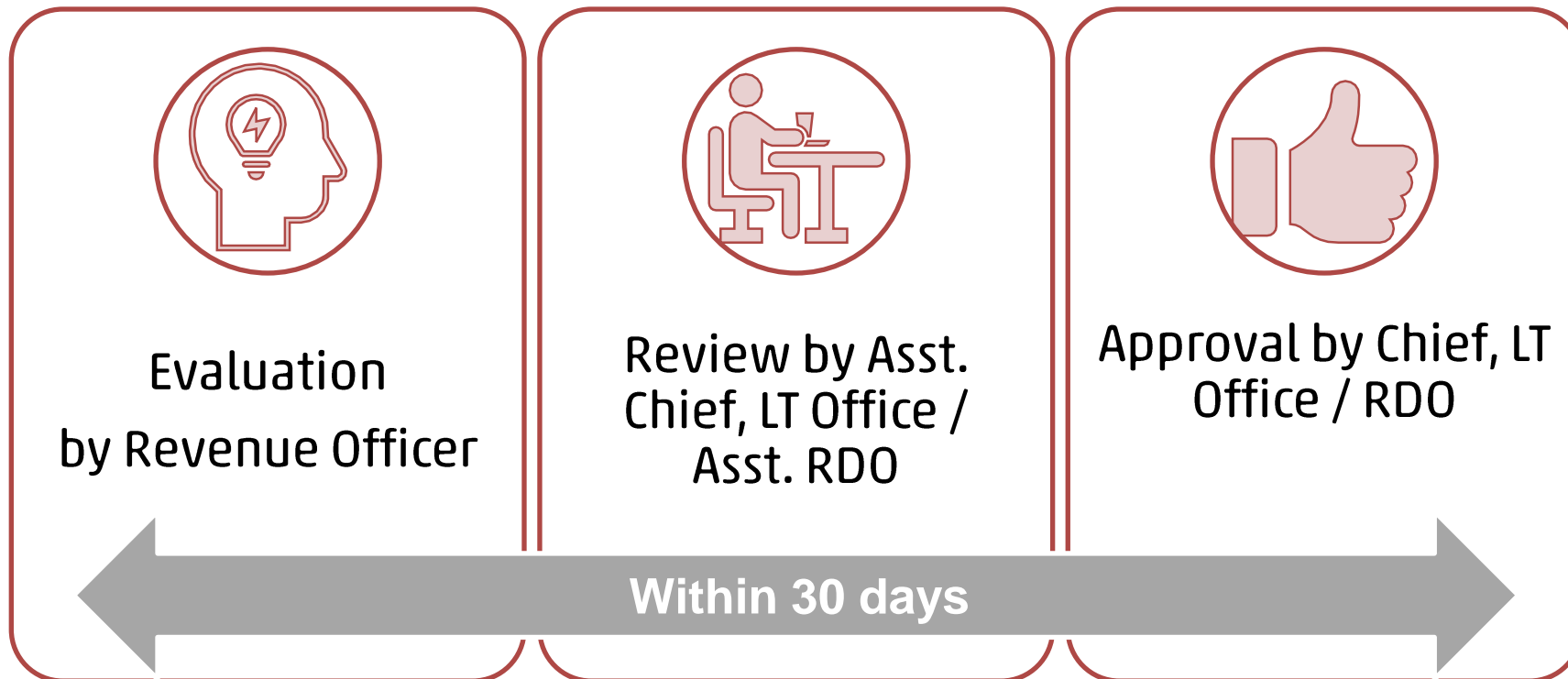
Corresponding documentary
requirements for the
transaction.

SUBMISSION OF DOCUMENTARY REQUIREMENTS

required documents shall be **filed personally or through carrier service** with the LTO office/RDO having jurisdiction over the

NON-SUBMISSION OF submission of erroneous/ incomplete/ falsified information shall not entitle the taxpayer to the program

PROCESSING OF APPLICATION



PROCESSING 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

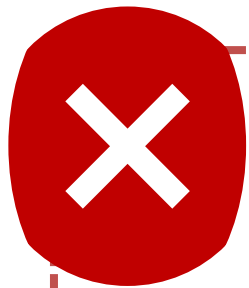
- Approving official shall notify the taxpayer via email (as provided in the BIR Form No. 2119) and shall require the taxpayer to rectify the defects and/or comply with/pay the deficiencies within **ten (10) working days** from receipt of the notification/email.

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 duly issued **Certificate of Availment** shall have the following effects:



If no current audit for TY 2018

The taxpayer shall **not be audited** for taxable year 2018 for the tax types covered by the availment



If currently being audited for TY 2018

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**

EFFECTS OF VALID AVAILMENT

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

When there is a strong evidence or findings of under-declaration of sales, receipts, or income or overstatement of deductions by more than 30%

OR

When there is verifiable information that the taxpayer has withheld but failed to remit withholding taxes

TREATMENT OF INVALID/DEFICIENT/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 ERRNEOUS PAYMENT

The act of voluntary payment shall not be deemed as admission of fraud in the declaration of taxes and/or intention to pay the tax erroneously

END OF
PRESENTATION



RR No. 20-2020, August 03, 2020
**Determination of Fair Market Value of Shares of Stock Not
Traded Thru the Local Stock Exchange**

RR No. 20-2020, August 03, 2020
**Determination of Fair Market Value of Shares of Stock Not
Traded Thru the Local Stock Exchange**

Basic Formula in the Computation of Capital Gains Tax:

Selling Price	xxx
Less: Cost	<u>xxx</u>
Capital Gains	xxx
Tax Rate (15% for individuals and domestic corporations; 5%/10% for foreign corporations)	<u>xxx</u>
Tax Due	<u>xxx</u>

RR No. 20-2020, August 03, 2020

Determination of Fair Market Value of Shares of Stock Not Traded Thru the Local Stock Exchange

Relevance of Fair Market Value (FMV) in Sale of Shares:

Revenue Regulations (RR)	Rules
RR No. 02-82, March 29, 1982	The selling price (SP) = FMV of the shares SP for computing capital gain = Actual SP/consideration or FMV, whichever is higher
RR No. 06-08, April 22, 2008	SP for computing capital gain = Actual SP/consideration
RR No. 06-13, April 11, 2013	
RR No. 20-20, Aug 3, 2020	Excess of the FMV over the SP = donation subject to donor's tax

RR No. 20-2020, August 03, 2020

Determination of Fair Market Value of Shares of Stock Not Traded Thru the Local Stock Exchange

Rules in the Determination of FMV of Shares:

RRs	Rules
RR No. 02-82	FMV = book value of the shares nearest the valuation date
RR No. 06-08	FMV = book value of the shares of stock as shown in the FS nearest to the date of sale duly certified by an independent CPA
RR No. 06-13	FMV of shares to be determined based on the Adjusted Net Asset Method – all assets and liabilities are to be adjusted to the FMVs
RR No. 20-20	FMV = back to book value (see succeeding slides) FMV need not be adjusted to include any surplus from any property not reflected in the AFS Latest AFS sufficient in determining FMV

RR No. 20-2020, August 03, 2020

Determination of FMV of Shares of Stock Not Traded Thru the Local Stock Exchange

Common shares

FMV is book value per latest FS duly certified by an independent public accountant prior to date of sale, but not earlier than the immediately preceding taxable year

Preferred shares

FMV: Liquidation value (redemption price as of balance sheet date nearest to the transaction date)

Add: Premium and cumulative preferred dividends in arrears

RR No. 20-2020, August 03, 2020

Determination of FMV of Shares of Stock not Traded Thru the Local Stock Exchange

If there are both common and preferred shares

Book value per common share is computed as:

	Total equity of the corporation
Less:	Liquidation value of the preferred shares
	Difference
Divide by:	Number of outstanding common shares as of balance sheet date nearest to the transaction date

RR No. 20-2020, August 03, 2020

Determination of FMV of Shares not Traded Thru the Local Stock Exchange

Illustration:

A sold 10,000 shares in X Corp. on 6/30/2020

Per 2019 AFS:

- Assets (P50M) - Liabilities (P20M) = Equity (P30M)
- Outstanding Shares = 200,000
- Net book value: $30,000,000 / 200,000 = 150$ (net book value per share)

FMV is P150 per share