

**REPUBLIKA NG PILIPINAS**  
**KAGAWARAN NG PANANALAPI**  
**KAGAWARAN NG RENTAS INTERNAS**  
Quezon City

August 18, 2006

**REVENUE REGULATIONS NO. 15-2006**

**SUBJECT :** **Implementing a One-Time Administrative Abatement of all Penalties/Surcharges and Interest on Delinquent Accounts and Assessments (Preliminary or Final, Disputed or Not) as of June 30, 2006.**

**TO :** **All Internal Revenue Officers and Others Concerned**

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**SECTION 1. PURPOSE.** – These regulations prescribe the guidelines for the availment by taxpayers of the opportunity to settle their delinquent accounts or assessments, preliminary and final, disputed or not, by way of application for abatement of all penalties, including surcharge and interest, under Section 204 of the National Internal Revenue Code (NIRC) of 1997 as another step towards the collection and reduction of the Bureau's Accounts Receivables and pending assessments.

**SECTION 2. COVERAGE** - The following cases shall be covered hereof:

- a.) Delinquent Accounts/Accounts Receivable Cases except those cases where the Presidential Commission on Good Government (PCGG) has an interest and/or there is a need to coordinate with the PCGG;
- b.) Income Tax 2<sup>nd</sup> Installment Cases;
- c.) Dishonored Checks Cases;
- d.) Cases with administrative protest pending in the Regional Office, Revenue District Office, Legal Service, Large Taxpayer's Service (LTS), Collection Service, Enforcement Service and other Offices in the National Office except those cases where the Presidential Commission on Good Government (PCGG) has an interest and/or there is a need to coordinate with the PCGG;
- e.) Assessed cases, whether preliminary or final, as of June 30, 2006 except those cases where the Presidential Commission on Good Government

(PCGG) has an interest and/or there is a need to coordinate with the PCGG;

- f.) Civil tax cases being disputed before the Department of Justice and the courts, e.g., MTC, RTC, CTA, CA and SC including decided cases which are not yet final and executory except those cases where the Presidential Commission on Good Government (PCGG) has an interest and/or there is a need to coordinate with the PCGG;
- g.) Collection Cases filed with the Courts except those cases where the Presidential Commission on Good Government (PCGG) has an interest and/or there is a need to coordinate with the PCGG;
- h.) Cases with pending request for Compromise Settlement under RR No. 6-2000, RR No. 7-2001, and RR No. 30-2002, as amended by RR No. 8-2004, and other prior years' issuances which are under evaluation by the TWG-NEB, TWG-REB, NEB and REB; provided that, pending requests for compromise settlement pursuant to the aforementioned RRs where the amounts offered have already been approved or where partial or full payments have already been made shall not be covered by these Regulations;
- i.) Cases with pending request for abatement under RR 13-2001 for evaluation by the Commissioner of Internal Revenue (CIR) or his authorized representative; provided that, pending requests for abatement pursuant to the aforementioned RR, where the amounts offered have already been approved or where partial or full payments have already been made shall not be covered by these Regulations;
- j.) Failure to withhold Withholding Taxes discovered upon audit;
- k.) Criminal violations (except those already filed in Court, those involving Criminal Tax Fraud, those under the Rate Program of the Bureau, and tax fraud cases which are the results of confidential information, unless allowed to avail by the Commissioner or his representative on meritorious grounds);
- l.) Letter Notice Cases;
- m.) "Accounts Payable or Due to BIR" account duly recorded or acknowledged by the taxpayer in his books of accounts.

**SECTION 3. DEFINITION OF TERMS** – In applying the provisions of these regulations, the following terms shall be defined as follows:

- a.) Delinquent Account – refers to the amount of tax due on or before June 30, 2006 from a taxpayer who failed to pay the same within the time prescribed for its payment, arising from (1) a self-assessed tax, or (2) a deficiency assessment issued which has become final and executory;
- b.) Assessment, preliminary or final, disputed or not, – refers to a tax assessment issued or self assessment made on or before June 30, 2006 which has not yet become final and executory;
- c.) Basic Tax Assessed – The term refers to any of the following:
  - 1.) Unpaid tax shown on the return filed;
  - 2.) Tax due shown on the Assessment Notice and Letter of Demand, excluding surcharge and interest;
  - 3.) Unpaid 2<sup>nd</sup> Installment Income Tax;
  - 4.) Amount of Dishonored Check.

**SECTION 4. WHO MAY AVAIL.** – Any person/taxpayer, natural or juridical, may settle thru this abatement program any delinquent account or assessment which has been released as of June 30, 2006, by paying an amount equal to One Hundred Percent (100%) of the Basic Tax assessed with the Accredited Agent Bank (AAB) of the Revenue District Office (RDO)/Large Taxpayers Service (LTS)/Large Taxpayers District Office (LTDO) that has jurisdiction over the taxpayer. In the absence of an AAB, payment may be made with the Revenue Collection Officer/Deputized Treasurer of the RDO that has jurisdiction over the taxpayer. After payment of the basic tax, the assessment for penalties/surcharge and interest shall be cancelled by the concerned BIR Office following existing rules and procedures. Thereafter, the docket of the case shall be forwarded to the Office of the Commissioner, thru the Deputy Commissioner for Operations Group, for issuance of Termination Letter.

Provided, however, that this ABATEMENT PROGRAM shall not be available to taxpayers who may have already paid any portion of increments (surcharge, interest, etc.) on their tax liabilities, and to tax cases on which the Presidential Commission on Good Government has an interest.

**SECTION 5. PLACE FOR FILING APPLICATION FOR ABATEMENT OF PENALTIES AND INTEREST.** – All applications shall be filed, accepted and processed with the following offices:

- a.) Revenue District Office – For Regional Office Cases under its jurisdiction;

- b.) Assessment Division – For Regional Office Cases with administrative protest;
- c.) Legal Division – For Regional Office Cases with judicial protest or for judicial action or with administrative protest involving legal issues;
- d.) Collection Service – For Delinquent Accounts under the jurisdiction of the national office other than LTS Cases;
- e.) Large Taxpayers Service (LTS) – For Large Taxpayers Cases under the jurisdiction of the Large Taxpayers Service;
- f.) Legal Service – For National Office Cases that are for judicial action or with judicial protest and/or administrative protest involving legal issue;
- g.) Enforcement Service – for tax cases handled by the National Investigation Division of the National Office.

Notwithstanding the above provisions, the Office which has possession of the docket of the case shall receive and process applications for abatement of penalties/surcharge and interest on delinquent accounts and assessed tax cases.

**SECTION 6. MODE OF PAYMENT.** – Upon filing of the application for/acceptance of the offer to avail of the Abatement Program, the amount offered in complete settlement of the delinquent account/assessed tax cases shall be paid with the Authorized Agent Banks (AABs) located within the jurisdiction of the RDO/LTS/LTDO where the taxpayer is registered. In the absence of AABs, the payment may be made to the Revenue Collection Officer/Deputized Treasurer of the City/Municipality of the RDO/LTDO that has jurisdiction over the taxpayer.

Staggered payments of the amounts payable under this Abatement Program may be considered on a case to case basis in accordance with the existing regulations of the Bureau upon approval of the Regional Director for regional cases, and concerned ACIR (LTS, Collection, Legal, or Enforcement) for National Office cases. Nonetheless, cases pending in courts shall not be withdrawn unless the concerned taxpayer shall fully pay one hundred percent (100%) of the basic tax.

If the amount, as abated, is not paid as required herein, the approved staggered payment is automatically nullified and the delinquent account or the assessment shall be reverted to the original amount which includes the statutory increments incident to delinquency, which shall be collected thru the summary remedies and/or judicial processes provided for by law.

**SECTION 7. EFFECTIVITY.** – These regulations shall take effect after fifteen (15) days following publication in any newspaper of general circulation and shall remain in force until October 31, 2006 subject to extension by the Commissioner of Internal Revenue on meritorious grounds.

(Original Signed)  
**MARGARITO B. TEVES**  
Secretary of Finance

Recommending Approval:

(Original Signed)  
**JOSE MARIO C. BUÑAG**  
Commissioner of Internal Revenue