

Filing, Penalties and Remedies**Dela Cruz / De Vera / Lopez**

1. Generally, the following individuals are required to file an income tax return. Who is the exception?
 - a. Every Filipino citizen residing in the Philippines.
 - b. Every Filipino citizen residing outside the Philippines, on his income from sources outside the Philippines.
 - c. Every alien residing in the Philippines on income derived from sources within the Philippines.
 - d. Every non-resident alien engaged in trade or business in the Philippines.
2. This is not an administrative remedy available to a taxpayer in connection with collection of taxes
 - a. Filing a petition for reconsideration or reinvestigation
 - b. Filing a claim for tax refund or credit
 - c. Entering into a compromise
 - d. Filing a criminal complaint against erring BIR officials or employees
3. Which of the following statements is correct?
 - a. Individuals deriving compensation income are exempt from filing ITR.
 - b. GPPs are exempt from filing ITR.
 - c. Domestic corporations cannot avail of the OSD.
 - d. Resident aliens engaged in business in the Philippines are required to file quarterly ITRs and the annual ITR.
4. The following are not required to file ITRs, except:
 - a. Individual whose sole income has been subjected to final withholding tax.
 - b. Individual whose compensation income does not exceed the statutory minimum wage.
 - c. Individual whose gross income from business does not exceed his allowable deductions.
 - d. Individual with respect to pure compensation income derived from one employer in the Philippines and qualified under the substituted filing of income tax return.
5. Individual self-employed taxpayers are required to file their Income Tax Returns:
 - a. On a yearly basis, once a year
 - b. On a quarterly basis, non-cumulative system
 - c. On a quarterly basis, cumulative system
 - d. On a quarterly basis, cumulative system, and on a yearly basis once a year
6. The individual income tax return of a fixed earner (employee) is filed on or before
 - a. April 15 of the current taxable year.
 - b. April 15 of the following taxable year.
 - c. May 15 of the current taxable year
 - d. May 15 of the following taxable year
7. A resident citizen taxpayer is allowed to pay his income tax due on the installment basis if:
 - a. Basic income tax is P2,000 or below
 - b. Basic income tax is over P2,000
 - c. Basic income tax is over P5,000
 - d. Basic income tax is over P1,000
8. Where compromise penalties are not allowed
 - a. Failure to preserve or keep books of accounts and accounting records
 - b. Failure to keep books of accounts or records in a native language or in English
 - c. Failure to have books of accounts audited and have financial statements attached to income tax return certified by an independent CPA
 - d. Keeping two (2) sets of books of accounts or records.
9. All criminal violations may be compromised:
 - A) Except those already filed in court
 - B) Except those involving fraud
 - a. True, true
 - b. True, false
 - c. False, true
 - d. False, false
10. For filing a false and fraudulent return, a surcharge is imposed at:
 - a. 25% as criminal penalty
 - b. 25% as administrative penalty
 - c. 50% as criminal penalty
 - d. 50% as administrative penalty

11. A compromise for a tax liability on the ground of financial incapacity to pay shall still involve a payment of tax from the taxpayer at a minimum compromise rate of
- 10% of the basic assessed tax
 - 20% of the basic assessed tax
 - 30% of the basic assessed tax
 - 40% of the basic assessed tax
12. Using the preceding number, with regard to compromises other than on the ground of financial incapacity to pay, the compromise shall involve a minimum compromise rate of
- 10% of the basic assessed tax
 - 20% of the basic assessed tax
 - 30% of the basic assessed tax
 - 40% of the basic assessed tax
13. A – The CIR may refund a tax even without a claim for refund from the taxpayer where on the face of the return upon which the payment was made; such payment clearly appears to have been erroneously made.
B – When 2 years are about to expire from the date of payment and no decision has yet been received by the taxpayer on his claim for refund filed with the BIR, the taxpayer may appeal to the CTA even without waiting for the decision of the BIR on his claim for refund.
- True, true
 - True, false
 - False, true
 - False, false
14. A – The CIR is authorized to inquire into the bank deposit of a taxpayer who has filed an application for compromise of his tax liability by reason of financial incapacity to pay.
B – The CIR is authorized to look into the bank deposit of a decedent to determine his gross estate.
- True, true
 - True, false
 - False, true
 - False, false
15. B was employed by A Corp. on the first working day of January 2018 on a part-time basis with a salary of P10,000 a month. He then received his 13th month pay. In September 2018, he accepted another part-time job from B Corp. from which he received a total compensation of P408,000 for the year 2018. The correct total taxes were withheld from both earnings. With regard to the filing of the income tax return (ITR) for the year 2018, which of the following is true?
- B is exempt from filing his ITR because the correct total taxes have been withheld.
 - B is not exempt from filing his ITR because his total compensation income for 2018 came from more than one employer.
 - B is exempt from filing his ITR because his total income for 2018 came from an employer-employee relationship.
 - B is not exempt from filing his ITR because his income came from an employer – employee relationship.
16. The ITR for the calendar year 2017 was due for filing on April 15, 2018, but the taxpayer voluntarily filed his tax return without notice from the BIR, only on July 15, 2018. The tax due per return amounts to P100,000. The total amount due on July 15, 2018 (excluding compromise penalty) is:
- P128,000
 - P111,250
 - P130,000
 - None of the above
17. Using the preceding number, but the ITR is filed on time but through an internal revenue officer other than with whom the return is required to be filed. The total amount due is:
- P100,000
 - P130,000
 - P150,000
 - P125,000
18. The taxpayer did not file his ITR for calendar year 2016. He was notified by the BIR of his failure to file the tax return, for which reason he filed his tax return and paid the tax only after said notice on October 15, 2018. The tax due per return is P100,000. The total amount due on October 15, 2018 (excluding compromise penalty) is:
- P173,667
 - P155,000
 - P180,000
 - None of the above

19. The taxpayer timely filed his ITR, and paid the tax due as shown therein on April 15, 2017. The BIR subsequently determined that a deficiency tax of ₱100,000 was still due. The BIR sent a letter of demand and assessment notice asking to pay the deficiency income tax by July 15, 2017. The taxpayer paid only on August 15, 2017.

The total amount due on August 15, 2017 (excluding compromise penalty) is:

- a. ₱134,667 b. ₱175,334 c. ₱184,345 d. None of the above

20. The taxpayer timely filed his ITR, and paid the tax due as shown therein on April 15, 2018. The BIR subsequently determined that a deficiency tax of ₱100,000 was still due. The BIR sent a letter of demand and assessment notice asking to pay the deficiency income tax by July 15, 2018. The taxpayer paid only on August 15, 2018.

The total amount due on August 15, 2018 (excluding compromise penalty) is:

- a. ₱130,667 b. ₱129,780 c. ₱115,300 d. None of the above

21. The taxpayer timely filed his ITR, and paid the tax due as shown therein on April 15, 2017. The BIR subsequently determined that a deficiency tax of ₱100,000 was still due. The BIR sent a letter of demand and assessment notice asking to pay the deficiency income tax by July 15, 2017. The taxpayer paid only on August 15, 2018.

The total amount due on August 15, 2018 (excluding compromise penalty) is:

- a. ₱157,917 b. ₱159,583 c. ₱175,345 d. None of the above

22. A self-employed taxpayer filed his annual ITR for calendar year 2018, and paid ₱100,000. Upon pre-audit of his return, it was disclosed that he erroneously computed the tax due. The correct amount of tax due is ₱120,000. The taxpayer is assessed for deficiency income tax in a letter of demand and assessment notice issued on June 15, 2020 calling for payment on or before July 15, 2020. The amount still due on July 15, 2020 is:

- a. ₱22,800 b. ₱23,000 c. ₱35,000 d. None of the above

23. A Corporation filed its ITR and paid the tax for calendar year 2018 with a net taxable income of ₱500,000. Upon investigation, it was disclosed that its ITR was false and fraudulent because it did not report a taxable income amounting to another ₱500,000. Failing to protest on time against the preliminary assessment notice, a final letter of demand and assessment notice issued on June 15, 2020 calling for payment on or before July 15, 2020. The amount still due on July 15, 2020 is:

- a. ₱246,000 b. ₱297,500 c. ₱247,500 d. None of the above

24. In the preceding number, assuming that the assessment has become final and collectible, but the corporation pays the tax assessment only on August 15, 2020, the total amount due (excluding compromise penalty) is:

- a. ₱309,960 b. ₱376,833 c. ₱311,850 d. None of the above

25. An assessment shall become final if not protested administratively or if such protest is not filed with the BIR, from receipt of the assessment within

- a. 30 days b. 60 days c. 90 days d. 180 days

26. Using the preceding number, relevant supporting documents must also be presented to the BIR, from filing the protest on the assessment (request for reinvestigation) within

- a. 30 days b. 60 days c. 90 days d. 180 days

27. An appeal on an assessment may be made to the CTA if the BIR does not act on the protest within how many days from the taxpayer's submission of documents supporting his protest?

- a. 30 days b. 60 days c. 90 days d. 180 days

28. A) The taxpayer shall respond to a pre-assessment notice, and if he fails to respond, a final assessment shall be issued.
 B) An assessment issued may be questioned administratively with the BIR.
 a. True, true b. True, false c. False, true d. False, false
29. Where a return was filed, as a general rule, the prescriptive period for assessment after the date the return was due or was filed, whichever is later, is within
 a. 3 years b. 5 years c. 7 years d. 10 years
30. Where any national internal revenue tax is alleged to have been erroneously or illegally collected, as a remedy, the taxpayer should first file an action for refund with the
 a. Regional Trial Court b. Court of Tax Appeals c. BIR d. Court of Appeals
31. In case of an assessment of a tax
 a. The assessment should be made within 3 years from the date of filing of the return.
 b. The assessment should be made within 3 years from the date the return is due.
 c. A protest should be made on time, otherwise the assessment becomes final and executory.
 d. A protest may be filed anytime before the BIR collects the tax.
32. Date of payment of tax erroneously paid April 15, 2016
 Date a claim for refund was filed January 15, 2017
 Date decision of denial by the BIR was received September 15, 2017
 Last day to appeal to the CTA is
 a. April 15, 2018 b. January 15, 2018 c. November 15, 2017 d. October 15, 2017
33. Using the preceding number, if the date of decision of denial by the BIR was received on March 31, 2018, the last day to appeal to the CTA is
 a. April 30, 2018 b. April 15, 2018 c. March 31, 2019 d. May 30, 2019
34. Date assessment was received March 8, 2018
 Date petition for reinvestigation was filed with the BIR March 18, 2018
 Date filing of documents to support the petition May 8, 2018
 Date decision of denial of the petition was received September 28, 2018
 The last day to appeal to the CTA is
 a. April 15, 2019 b. November 8, 2018 c. December 8, 2018 d. October 28, 2018
35. Date assessment was received March 8, 2018
 Date petition for reinvestigation was filed with the BIR March 28, 2018
 Date of filing of documents to support the petition May 8, 2018
 No decision on the protest is received as of October 30, 2018
 The last day to appeal to the CTA is
 a. April 15, 2019 b. November 8, 2018 c. December 4, 2018 d. November 30, 2018
36. Date assessment was received March 8, 2018
 Date petition for reinvestigation was filed with the BIR March 28, 2018
 Date of filing of documents to support the petition May 8, 2018
 Date decision of denial by the BIR was received June 10, 2018
 Date petition for reconsideration was filed with the BIR June 18, 2018
 Date decision of denial of the petition for reconsideration was received June 28, 2018
 The last day to appeal to the CTA is
 a. July 28, 2018 b. July 20, 2018 c. July 10, 2018 d. July 18, 2018
37. Using No. 36 above, except that the BIR issued an amended decision on the petition for reconsideration, and the amended decision was received on June 28, 2018.
 The last day to appeal to the CTA is
 a. July 28, 2018 b. July 20, 2018 c. July 10, 2018 d. July 18, 2018

38. Which of the following is correct?
- A protest should be filed by the taxpayer, otherwise the assessment becomes final and can no longer be questioned in court.
 - A protest may be filed by the taxpayer anytime before the BIR collects the tax.
 - The assessment should be made by the BIR within five years from the filing of the return
 - The assessment shall include only the tax proper.
39. Which of the following statements is incorrect?
- As a rule, a pre-assessment notice shall be required before a final assessment may be made.
 - The taxpayer shall be informed of the law and the facts on which the assessment is made, otherwise the assessment shall be void.
 - The Commissioner may refund a tax even without a claim of refund from the taxpayer where on the face of the return upon which the payment was made, such a payment clearly appears to have been erroneously made.
 - A suit to recover tax previously paid may be brought even after the lapse of two years from the date of payment, if any supervening cause arises after payment.
40. The following are grounds to cancel a tax liability by the Commissioner, except
- The tax is unjustly or excessively assessed
 - The administration and collection costs involved do not justify the collection of the amount
 - A reasonable doubt as to the validity of the claim against the taxpayer
 - Illegal collection of tax
41. Which of the following is not a requisite to toll the collection of taxes to be made by the BIR, upon proof of the following to the Court of Tax Appeals
- It will jeopardize the interest of the taxpayer.
 - It will jeopardize the interest of the government.
 - Filing of a bond for at least double the amount of the tax assessed.
 - The case is not dilatory.
42. Which of the following will not interrupt the running of the prescriptive period for assessment and collection of taxes?
- When the Commissioner is prohibited from making the assessment or beginning distraint and levy or a proceeding in court and for thirty (30) days after
 - When the taxpayer requests for the reinvestigation which is granted by the Commissioner
 - When the taxpayer is out of the Philippines
 - When the taxpayer cannot be located in the address given by him in the return
43. The power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the Tax Code or other laws administered by the BIR is vested with
- The Commissioner of the BIR
 - The Secretary of Finance
 - The Court of Tax Appeals
 - The Regular Courts
44. It is the official action of an administrative officer in determining the amount of tax due from a taxpayer, or it may be a notice to the effect that the amount stated therein is due from the taxpayer with a demand for payment of the tax or deficiency stated therein.
- Tax investigation
 - Tax audit
 - Tax assessments
 - Tax mapping
45. Which of the following is not a remedy of the government in tax collection?
- Tax lien
 - Compromise
 - Forfeiture
 - Protest
46. The Commissioner of BIR may compromise any internal revenue tax in the following instances, except:
- A reasonable doubt as to the validity of the claim against the taxpayer exists
 - The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax
 - The tax or any portion thereof appears to be unjustly or excessively assessed
 - The taxpayer has been granted by the SEC or by any competent tribunal a moratorium or suspension of payments to creditors, or otherwise declared bankrupt or insolvent
47. The income tax return of Mr. A for 2013 was filed on April 10, 2014. The tax per return was P3,000 but tax audit by the BIR was P5,000. An assessment for deficiency tax was made on April 15, 2017.

TAX 85-15

Required:

- a. Was the assessment made on time?
- b. If the assessment was made on April 20, 2017, what is the defense of the taxpayer?
- c. Suppose the BIR discovered on December 1, 2025 that the taxpayer filed a fraudulent return, and the assessment was made on April 20, 2033. Is the assessment valid?
- d. Suppose no return was filed and the failure to file the return was known to the BIR on December 1, 2023. Within what time may the BIR make an assessment?

48. Mr. B filed his 2018 income tax return on April 15, 2019. He received an assessment on September 20, 2019. He filed a request for reinvestigation on October 10, 2020. He received the decision of the CIR denying his request on November 15, 2020.

Required:

- a. The last day for filing the protest with the CIR is
- b. The last day for filing appeal with the CTA is

49. Mr. A filed his income tax return for 2018 on April 15, 2019. The return shows the following: Income tax due, P80,000; Income tax withheld, P60,000. A will pay his tax liability in installment.

- a. How much is the tax still due for the first installment?
- b. How much is the tax due for the second installment?
- c. What is the last day for payment of the second installment?
- d. Assume that the tax due was paid on January 15, 2020. Determine the total amount due, including penalties and interest, if any.

Questions 50-53

A domestic corporation on a calendar year basis was granted by the BIR the privilege of paying its income tax liability for 2017 amounting to P1,000,000 in 4 equal monthly installments, beginning April 15, 2018. Compute the amount of tax due on the monthly installments.

50. The tax due on April 15, 2018 is
51. The tax due on May 15, 2018 is
52. The tax due on June 15, 2018 is
53. The tax due on July 15, 2018 is

54. Assuming the tax due on July 15, 2018 was paid on August 15, 2018, the tax due on August 15, 2018 is :

Answer:

55. The powers of the Commissioner of Internal Revenue include the following except:

- a. Abate a tax liability of a taxpayer
- b. Compromise the payment of any internal revenue tax
- c. Credit or refund a tax that has been erroneously paid by the taxpayer
- d. Inquire into bank deposits of a taxpayer

56. Zander Corporation was issued a FAN and Final Letter of Demand ("FLD") for payment of its alleged surcharge, interest, and compromise penalty. The FLD specifically requested that the taxpayer pay its delinquency surcharge, interest, and compromise penalty through a duly authorized agent bank within the time shown in the enclosed assessment notice. However, the due date in the enclosed assessment notice was left blank.

Was the FAN/FLD valid?

- a) No. For a tax assessment to be valid, it must contain not only a computation of the tax liabilities, but also a demand for payment within a specific period (*Sanen Holdings vs. CIR*, CTA Case No. 9085, August 18, 2017).
- b) Yes. A tax assessment is valid as long as it is sent to and received by the taxpayer within the prescriptive period.
- c) Yes. The absence of a due date in the FLD is a minor defect that can easily be corrected by returning the same to the RDO which issued it.
- d) None of the above.

7
57. Traveling Man, Inc. received both a preliminary assessment notice (dated December 27, 2013) and a final assessment notice (dated January 7, 2014) on January 14, 2014. The taxpayer did not file any administrative protest.

In 2017, the taxpayer argued that since the FAN was void, the right of the BIR to assess deficiency taxes for taxable year 2010 has already prescribed. Is the taxpayer correct?

- a) No. The FAN has become final and executory since the taxpayer failed to file its administrative protest on the FAN within 30 days from the date of receipt thereof.
- b) Yes. The issuance of a FAN prior to the lapse of the 15-day period from the date of receipt of the PAN is a violation of the taxpayer's right to due process (Travel Warehouse, Inc. vs. CIR, CTA Case No. 9103, August 7, 2017).
- c) No. As long as the factual and legal bases of the assessment are contained in the FAN, then the same is valid.
- d) None of the above.

The End