

Voluntary Assessment and Payment Program

Revenue Regulations No. 21-2020





Revenue Regulations No. 21-2020 provide for the policies, procedures, and guidelines in the implementation of the **Voluntary Assessment and Payment Program (VAPP)** for the collection of additional tax revenues, which could otherwise be collected through audit and enforcement effort.



Covered period

The VAPP shall apply to all internal revenue taxes:



Covering the taxable year ending
December 31, 2018



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

- *This shall include taxes on one-time transactions (ONETT) such as estate tax, donor's tax, capital gains tax (CGT) as well as ONETT-related creditable withholding tax (CWT)/expanded withholding tax and documentary stamp tax (DST).*

Who may avail?



Any person, natural or juridical, including estates and trust, who failed to file tax returns, fail to or erroneously pay his/its internal revenue tax liabilities, except:

- Those taxpayers who have already been **issued a Final Assessment Notice (FAN)** that have become **final and executory**, on or before the effectivity of the Regulations;
- **Persons under investigation** as a result of verified information filed by a Tax Informer with respect to the deficiency taxes that may be due out of such verified information;
- Those with **cases involving tax fraud** filed and pending in the Department of Justice or in the Courts; and
- Those with pending **cases involving tax evasion** and other criminal offenses.

Period of availment



The benefits of the
VAPP can be availed
until **31 December 2020**
unless extended by the Secretary of Finance

Conditions for the availment requirements and processing of applications



- The taxpayer-applicant shall signify his/its intention to avail the benefits under the VAPP by applying through submission of mandatory requirements, which are the duly accomplished BIR Form No. 2119 and payment form (BIR Form No.0622); as well as the additional requirements such as filed tax returns, copy of duly paid BIR Form No. 0605, etc.
- The requirements can be filed personally or through courier service.
- Within thirty (30) working days from receipt of documents, the Revenue Officer shall evaluate the application, payment form and other documents submitted.
- If the review reveals deficiencies or defects in the availment, the concerned taxpayer will be required to rectify the defects and/or comply with/pay the deficiencies within ten (10) working days from receipt of the notice.
- Failure to act and/or pay the required amount on the part of the taxpayer within such period shall result in the denial of the application.



Issuance of the Certificate of Availment (COA)

- A COA shall be issued by the concerned Large Taxpayer Office or Revenue District Office within three (3) working days from approval of the application.
- A COA shall serve as proof of the taxpayer's availment of the VAPP, compliance with the requirements and entitlement to the privileges under the Regulations.

Amount to be paid 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

i Total taxes due in 2017 and 2018, refer to the sum of all tax due per tax return (IT, PT, ET, and DST) and net VAT payable (VAT) before deducting any creditable withholding tax, quarterly payment or advance payment. This includes any basic deficiency tax already paid by any non-ONETT taxpayer during an audit/investigation for the covered taxable year.

i Gross sales and taxable net income shall be based on the Annual Income Tax Return for the covered taxable year.

Increase/Decrease in the Total Taxes Due from 2017 to 2018	Amount of Voluntary Tax Payment Whichever is the higher of –	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 – P75,000
Net increase of more than 10% up to 30%	2% of 2018 gross sales or 6% of 2018 taxable net income	Corporations – 1. With subscribed capital of more than P50 million – P1,000,000 2. With subscribed capital of more than P20 million up to P50 million – P500,000 3. With subscribed capital of more than P5 million up to P20 million – P250,000 4. With subscribed capital of P5 million and less – P100,000
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, including but not limited to cooperatives, foundations, general professional partnerships – P75,000

Amount to be paid for availment

- For Final Withholding Taxes (on Compensation, Fringe Benefits, etc.) and Creditable Withholding Taxes (CWT) other than CWT on ONETT

5% of the total basic withholding tax remittance for taxable year 2018



Amount to be paid for availment

- For taxes on ONETT, such as Estate Tax, Donor's Tax, CGT, ONETT-related CWT/Expanded Withholding Tax, and DST

Basic tax due of the unfiled tax return/unpaid tax due plus 5%



Privileges

A taxpayer with a duly issued COA shall not be audited for 2018 for the tax types covered by the availment.



Suspension of the tax audit for the covered taxable period upon availment of the VAPP. The audit shall resume if the availment has been found invalid.

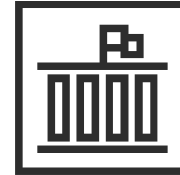


If the taxpayer's availment has been determined to be valid, a COA shall be issued and the issued Letter of Authority, Tax Verification Notice, Discrepancy Notice, Notice for Informal Conference, Preliminary Assessment Notice, Final Assessment Notice for pending cases shall be withdrawn and canceled.



Privileges

Despite the issuance of a COA, the taxpayer's **availment shall be rendered invalid** and shall be subject to audit or investigation in the following instances:



1. When there is strong evidence or findings of **underdeclaration** of sales, receipts or income or **overstatement** of deductions by more than 30% based on a written report of the appropriate revenue official stating the facts with supporting documents; and/or
2. When there is verifiable information that the taxpayer has **withheld but failed to remit withholding taxes**.

Effectivity



These Regulations shall be **effective after 15 days** following the date of its publication last **5 September 2020**.

Contact us



Alexander B. Cabrera
Chairman and Senior Partner
alex.cabrera@pwc.com



Malou P. Lim
Tax Managing Partner
malou.p.lim@pwc.com



Fedna B. Parallag
Tax Partner
fedna.parallag@pwc.com



Lawrence C. Biscocho
Tax Partner
lawrence.biscocho
@pwc.com



Carlos T. Carado II
Tax Partner
carlos.carado@pwc.com



Roselle Y. Caraig
Tax Partner
roselle.y.caraig@pwc.com



Harold S. Ocampo
Tax Principal
harold.s.ocampo@pwc.com



Geraldine E. Longa
Tax Partner
geraldine.c.esguerra-longa
@pwc.com

Thank you

[pwc.com](https://www.pwc.com)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Isla Lipana & Co., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2020 Isla Lipana & Co. All rights reserved. In this document, “PwC” refers to Isla Lipana & Co. which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.