

[BIR MEMORANDUM ORDER NO. 63-97, November 27, 1997]

EXPANDING THE COVERAGE OF REVENUE MEMORANDUM ORDER NOS. 59-97 AND 60-97 ON THE VOLUNTARY ASSESSMENT PROGRAM, CLARIFYING ISSUES RELATED THERETO AND EXTENDING THE DEADLINE FOR AVAILMENT THEREOF

**I
Background**

This Order supplements Revenue Memorandum Order (RMO) Nos. 59-97 and 60-97 on the Voluntary Assessment Program (VAP) broadening its scope and clarifying issues related to the implementation thereof.

The VAP has been designed to give taxpayers a final opportunity to come up with a clean slate before they will be dealt with strictly for not paying their correct taxes. Some taxpayers do not file the required tax returns, while others may have filed but did not pay the correct tax. The VAP encourages these taxpayers to amend their returns and pay the correct tax without paying the civil penalties. The abatement of civil penalties is intended to accelerate collection of taxes from this group of taxpayers and at the same time saving on administration and collection costs in (1) identifying these erring taxpayers/non-filers; (2) conducting a full blown audit against them; (3) instituting collection proceedings; and (4) prosecuting cases in court, by instead encouraging these taxpayers to pay voluntarily pursuant to Sec. 204 of the National Internal Revenue Code, as amended.

**II
Policies and Guidelines**

1. The VAP coverage is expanded as follows:

Item Nos. 1, 2, and 3 of Section II. POLICIES AND GUIDELINES of RMO 59-97 as amended by RMO 60-97 are hereby further amended, as follows;

"1) Coverage

The Voluntary Assessment Program (VAP) shall cover:

1.1 Income, value-added and other percentage taxes for 1996 and prior taxable years;

For this purpose, taxable year 1996 shall include fiscal years ending on or

before June 30, 1997.

1.2. Taxes pertaining to one-time transactions, such as capital gains, estate and donor's taxes;

1.3. Withholding taxes, whether final or creditable, except as provided in paragraph 3.2 hereof; and

1.4. Documentary stamp taxes, including those with pending request for abatement of penalties incident to late payment of documentary stamp tax on original issue of shares of stocks.

For taxes enumerated under paragraphs 1.2, 1.3 and 1.4 hereof, the VAP shall cover only those that became due on or before October 31, 1991.

2) Who may avail

Any person liable to pay any of the above-cited internal revenue taxes for the above specified periods, who due to inadvertence or otherwise, has under-declared his internal revenue tax liabilities or has not filed the required tax return may avail of the benefits under VAP.

A taxpayer under audit pursuant to a duly issued Letter of Authority (LA) or Revenue Verification Order (RVO) to whom a final notice of assessment has not been issued may also avail of the VAP. Upon availment of the VAP, pending LAs or RVOs are automatically revoked.

3) Persons/cases not covered

3.1 Dealers of petroleum products and purchasers of goods and services from petroleum companies who have availed of the VAP under RMO No. 39-96, for the years 1993 to 1995. However, said dealers may avail of the VAP for 1996, 1992 and prior taxable years;

Those who did not avail of the VAP under RMO No. 39-96 may avail of the VAP under RMO No. 59-97, as amended, for 1996 and prior years.

3.2 Withholding Agents (WAs) with respect to taxes already withheld but not remitted;

However, WAs who failed to withhold and remit the appropriate taxes may be covered by VAP.

3.3 Persons to whom Letters of Authority/Revenue Verification Orders have been served/issued and to whom final notices of assessment have been issued. The remedy for these persons is to settle their tax liabilities under RMO 61-97;

3.4 Persons under investigation by the Tax Fraud Division and/or the Regional Special Investigation Divisions as a result of verified information filed by an informer under Section 281 of the NIRC, as amended, and duly recorded in the Official Registry Book of the Bureau before the date