

**[REVENUE REGULATIONS NO. 23-2002,
NOVEMBER 29, 2002, November 29, 2002]**

**EXTENDING FURTHER THE DEADLINE FOR THE AVAILMENT OF
THE LAST PRIORITY IN AUDIT UNDER THE VOLUNTARY
ASSESSMENT AND ABATEMENT PROGRAM (VAAP), AMENDING
FOR THIS PURPOSE REVENUE REGULATIONS NO. 12-2002, 17-
2002, AND 18-2002, AND FOR OTHER PURPOSES**

SECTION 1. Scope. — Pursuant to Section 244, in relation to Sections 6, 115, 204, 254, 256, and other pertinent provisions of the National Internal Revenue Code of 1997 (Code), these regulations are hereby issued to amend certain provisions of Revenue Regulations No. 12-2002, 17-2002 and 18-2002, relative to the coverage, rates and deadline in the availment of VAAP, and for other purposes.

SECTION 2. Coverage. — Section 2 of Revenue Regulations No. 17-2002, as amended, is hereby amended to read as follows:

"SEC. 2. Coverage. — These Regulations shall cover the following:

(A) xxx xxx xxx

(B) Taxes and Periods. —

(1) Income Tax. — Calendar/fiscal year 2001 ending June 30, 2002, and all prior taxable years. Tax paid under Republic Act No. 7916 (Special Economic Zone Act), Republic Act No. 7227 (Bases Conversion and Development Act) and other similar laws, treated as special income tax, is likewise covered herein;

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SECTION 3. Duration of the VAAP. — The first paragraph of Sec. 3 of RR No. 17-2002, as amended, is hereby further amended to read as follows:

"SEC. 3. Duration of the VAAP. — Using the VAAP-Application Forms and VAAP-Payment Forms, applications for VAAP availments and corresponding payments thereon for the taxes and taxable periods covered by Section 2(B) hereof on voluntarily disclosed sales/receipts/income or taxable base must be received not later than December 16, 2002, subject to the right of the taxpayer to pay in installment as that provided under Section 5 of these regulations."

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SECTION 4. Computation of the Amounts Payable. — Section 4 of RR No. 17-2002, as amended by RR No. 18-2002, is hereby further amended to read as follows:

"SEC. 4. Computation of the Amounts Payable —

(A) **Income Tax** — The income tax payable shall be the highest amount computed under the following:

(1) 110% of the basic tax due if there is underdeclaration of the taxable base either through underdeclaration of sales/receipts or overclaim of deductions/tax credits;

(2) Based on percentage of sales/receipts for —

(a) Individuals — 0.5% of correct sales less tax due and paid per return

(b) Corporations — 1% of correct sales less tax due and paid per return;

(3) 10% of tax due per return if, for the covered year, the ratio of tax due per return over sales/receipts exceeds 2%; or 20% of the tax due per return if, for the covered year, the ratio of tax due per return over sales/receipts does not exceed 2%; or

(4) The minimum amount of P50,000 for corporations or P10,000 for individuals.

(B) **Value Added Tax** — The VAT payable shall be the highest amount computed as follows:

(1) 110% of the basic tax due if there is underdeclaration in the taxable base due to underdeclaration of sales/receipts or overclaim of deductions and/or tax credit;

(2) 10% of the total output tax per original return; or

(3) The fixed minimum amount of P50,000 for individuals or P100,000 for corporations.

(C) **Excise Tax** — The excise tax payable shall be higher amount in any of the following:

(1) 110% of the basic tax due on the adjusted tax base; or

(2) 2% of the voluntarily disclosed taxable base.

(D) **Percentage Tax** – The percentage tax payable shall be the highest amount in any of the following:

(1) 110% of the adjusted basic tax due if there is an underdeclaration in the taxable base due to underdeclaration in sales/receipts or overclaim of deductions and/or tax credits;

(2) 20% of tax due per original return filed, if taxpayer shall avail of allowable installment payment privilege; or 10% of the tax due per