

[BIR REVENUE MEMORANDUM CIRCULAR NO. 17-90, February 01, 1990]

SCHEDULE OF COMPROMISE PENALTIES IN COLLECTION OF TAXES ABROAD

For Internal revenue tax purposes, the pertinent portions of Revenue Memorandum Order No. 1-90, relevant to the collection of taxes abroad are quoted below:

**"I
Objectives**

This Order is issued:

- A. To update the Schedule of Compromise Penalties with a view to increase the compromise penalties and delete from the coverage thereof certain acts commonly resorted to by taxpayers as a means of tax evasion;
- B. To reflect the changes in the Schedule which includes the Code Section, Nature of Violation, Criminal Penalty imposed and Amount of Compromise Penalty which are prescribed on Chapter II, Title X of the revised **National Internal Revenue Code**;
- C. To adopt and implement a uniform application of the various compromise penalties for criminal violations of the **Tax Code**; and
- D. To provide supplemental guidelines on compromise penalties for resident taxfilers and non-residents as well."

**"II
Policies**

Certain acts/violations which are commonly resorted to and applicable to non-resident taxpayers are imposed the same amount of compromise penalty as the resident taxpayers."

**"III
Guidelines and Instructions**

1. The internal revenue officers concerned shall apply the "Revised Schedule of Compromise Penalties"[given below] to ensure uniformity of action.
2. In no case shall the compromise penalty differ in amount from those specified in the Schedule, except when duly approved by the Commissioner or, in a proper case, by the Regional Directors.
3. Although all amounts of compromise penalties incident to violations shall be itemized in the assessment notice and/or demand letter along with the other administrative penalties like surcharge and interest, the same should not form part of the total amount assessed/demanded but should appear separately as a

suggestion to the taxpayer to pay lieu of criminal prosecution. If paid, the compromise penalties shall be collected and accounted for under the usual procedures, as internal revenue.

4. Since compromise penalties are only amounts suggested in settlement of criminal liability, and may not therefore be imposed or exacted on the taxpayer in the event that a taxpayer refuses to pay the suggested compromise penalty, the violation shall be referred for criminal action as heretofore mentioned.

5. Non-resident filers who commit any of the violations stated in the schedule shall pay the equivalent amount of compromise penalty in pesos or its equivalent in U.S. dollars."

(Note: In the implementation of No. 5, above, reference should be made to Revenue Memorandum Circular No. 77-89, dated December 19, 1989, prescribing a uniform exchange rate of U.S. Dollar for the collection of taxes abroad. The said Circular has earlier been circularized.)

"IV Repealing Clause

All other orders which are inconsistent herewith are hereby repealed or revoked accordingly."

"V Effectivity

This Order shall take effect immediately."

All revenue officers and other officials charged with the enforcement of internal revenue laws are enjoined to adhere to the provisions of this Circular and urged to give the same the widest publicity possible.

Adopted: 1 Feb. 1990

(Sgd.) JOSE U. ONG
Commissioner of Internal Revenue

REVISED SCHEDULE OF COMPROMISE PENALTIES

<u>Code Sec.</u>	<u>Nature of Violation</u>	<u>Amount of Compromise Penalty.</u>
253	Willful attempt to evade or defeat any tax imposed by the National Internal Revenue Code or the payment thereof.	This violation cannot be compromised because it involves fraud Sec. 204 NIRC.*

<u>Code Sec.</u>	<u>Nature of Violation</u>	<u>Amount of Compromise Penalty.</u>
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