

[BIR REVENUE MEMORANDUM CIRCULAR NO. 90-2007, December 03, 2007]

AMENDING THE PROVISIONS OF QUESTION AND ANSWER (Q & A) NO. 28 OF THE PREVIOUSLY ISSUED REVENUE MEMORANDUM CIRCULAR (RMC) NO. 69-2007 WHICH CLARIFY ISSUES CONCERNING THE TAX AMNESTY PROGRAM UNDER REPUBLIC ACT (RA) NO. 9480 AS IMPLEMENTED BY DEPARTMENT ORDER (DO) NO. 29-07

For the information and guidance of the taxpaying public and all internal revenue officers and others concerned, this Revenue Memorandum Circular is issued to clarify certain issues relative to Q & A No. 28 of RMC No. 69-2007.

Q & A No. 28 as stated under RMC No. 69-2007 provides that only companies reflecting positive networth can avail of the tax amnesty law thereby excluding all taxpayers who will be reporting capital deficit from enjoying the benefits of the Tax Amnesty Law. After careful deliberations, however, and in response to the clamor of the taxpayers who have good intentions of straightening their records and at the same time help the government in raising the much needed revenue, this amendatory RMC is hereby issued to accord similar benefits to taxpayers in a capital deficit position who will be availing of the tax amnesty. Thus, Q & A No. 28 is hereby revised to read as follows:

"Q-28 If a company which is in a deficit position (negative networth) amends its Balance Sheet to include additional assets resulting to a reduction in deficit, can it avail of the amnesty tax law on the change in networth (still in a deficit position)? What about companies in deficit position that will not amend their Balance Sheets but would want to avail of the tax amnesty, can they qualify?

A-28 Yes, companies in a deficit position can likewise avail of the tax amnesty provided that amendments to the Balance Sheet shall be made resulting to a reduction in the reported deficit. The resulting decrease in the deficit shall be the basis for the computation of the five percent (5%) amnesty tax rate and the amnesty tax payable is whichever is higher between the resulting figure after applying the five percent (5%) on the reduction in capital deficit or the prescribed minimum absolute amount.

Companies in a deficit position who will not amend their Balance Sheets are not qualified to avail of the tax amnesty."

All internal revenue officers and others concerned are hereby directed to be guided accordingly and to give this circular a wide publicity as possible.