

**[REVENUE REGULATIONS NO. 17-2002, OCTOBER
15, 2002, October 15, 2002]**

**REGULATIONS PROVIDING FOR THE POLICIES, PROCEDURES,
AND GUIDELINES IN THE IMPLEMENTATION OF THE EXPANDED
VOLUNTARY ASSESSMENT AND ABATEMENT PROGRAM (VAAP).**

POLICY STATEMENT

The Voluntary Assessment and Abatement Program (VAAP) under Revenue Regulations No. 12-2002 has been recently implemented to provide an opportunity for taxpayers covered by the RELIEF System or found to have materially understated their sales to pay the respective deficiency taxes due thereon without the imposition of the full amount of penalties imposable under the law. In order to provide equal treatment in rules for abatement of penalties to taxpayers who, whether by mere oversight or inadvertence or otherwise, have nevertheless failed to pay the correct amount of taxes due to the Government, these Regulations are promulgated to expand the VAAP to such similarly situated taxpayers by including other taxes and other taxable periods not previously covered therein.

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 expand the coverage of the VAAP promulgated under Revenue Regulations No. 12-2002 to include other taxes and the taxable periods not covered therein (RR 12-2002).

SECTION 2. Coverage. — These Regulations shall cover the following:

(A) *Persons.* — Any person, natural or juridical, including estates and trusts, liable to pay any of the internal revenue taxes mentioned in Subsection (B) hereof for the taxable years/periods specified therein, who due to inadvertence or otherwise, erroneously paid his/its internal revenue tax liabilities or failed to file tax return/pay taxes.

(B) *Taxes and Periods.* —

(1) *Income tax.* — Calendar/fiscal year 2001 ending before June 30, 2002, and all prior taxable years;

(2) *Value-added tax.* — Taxable quarter ending June 30, 2002 and all prior taxable periods;

(3) *Excise tax.* — Taxable period ending June 30, 2002 and all prior taxable periods;

(4) *Percentage tax.* — Taxable quarter/month ending June 30, 2002 and all prior taxable periods;

(5) Documentary stamp tax (DST). — On transactions/documents entered into/executed up to June 30, 2002;

(6) Improperly accumulated earnings tax (IAET). — On improperly accumulated earnings earned starting January 1, 1998 up to December 31, 2000;

(7) Withholding tax. — On transactions occurring up to June 30, 2002;

(8) One-time transactions. — Estate tax, donor's tax, capital gains tax, expanded withholding tax and documentary stamp tax on the sale, exchange, or disposition of real property and/or shares of stock on transactions occurring on or before June 30, 2002, irrespective of whether the corresponding returns and payment of such taxes fall due after such date.

(C) Not Covered. — The Regulations shall not cover the following:

(1) Those taxpayers who have already received a Letter Notice (LN) from the Bureau pursuant to Revenue Regulations No. 12-2002 in respect to the taxable period and corresponding taxes due from the underdeclared sales stated in the LN;

(2) Persons under investigation as a result of a verified information filed by a Tax Informer under Section 282 of the Tax Code of 1997, duly processed and recorded in the BIR Official Registry Book on or before September 16, 2002; and

(3) Those covered by a Final Assessment Notice (FAN), or by a Collection Letter issued on or before September 16, 2002.

SECTION 3. Duration Of The VAAP. — Using the VAAP-Application Forms and VAAP-Payment Forms:

(A) Applications for VAAP availment and corresponding payments for following taxes and taxable periods must be received on or before November 15, 2002 subject to the right of the taxpayer to pay in installment as that provided under Section 5 hereof:

(1) Income tax — Calendar and fiscal years 2000 and 2001;

(2) Value-added tax — Taxable quarters beginning January 1, 2000 up to taxable quarter ending June 30, 2002; and

(3) Excise tax — Taxable quarters beginning January 1, 2000 up to taxable quarter ending June 30, 2002.

(B) Applications for VAAP Availment and corresponding payments thereon for the taxes and taxable periods other than those mentioned in (A) above must be received not later than November 29, 2002, subject to the right of the taxpayer to pay in installment as that provided under Section 5 of these Regulations.

Aside from the VAAP-Application Forms and VAAP-Payment Forms, submission of additional documents shall be required on onerous or gratuitous transfer transactions requiring the issuance of Tax Clearance Certificate (TCL)/Certificate