PRESCRIBING THE POLICIES AND GUIDELINES FOR THE AVAILMENT OF COMPROMISE AND/OR ABATEMENT OF TAX LIABILITIES FOR ASSESSMENT NOTICES ISSUED ON OR BEFORE APRIL 30, 1998

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I. Objectives

This Order is issued to enable taxpayers with outstanding delinquent accounts with the Bureau to settle their tax liabilities, reduce, if not eliminate the large inventory of such delinquent accounts in every Revenue District Office, eliminate the huge administration and collection costs attendant to such accounts, and afford taxpayers and the Bureau to, as much as possible, come up with a clean slate in view of the implementation of the Tax Code of 1997.

II. Policies

1. The Revenue Regional Approval Committee (RRAC) created under Revenue Memorandum Order No. 45-93 dated September 29, 1993, with the Regional Director as its Chairman, is hereby authorized to settle by way of compromise delinquent accounts covering 1997 and prior taxable years, the basic taxes of which DO NOT EXCEED FIVE HUNDRED THOUSAND PESOS (P 500,000), provided that the collection in each case shall not be lower than the following prescribed minimum percentages:

For Assessment Notices issued before January 1, 1997, including assessments of P 5,000 and below and second installment of income tax in the amount of P 5,000 and below 50% of the basic tax

For Assessment Notices issued from January 1, 1997 — April 30, 1998 and Preliminary Assessment Notices issued by Assessment Divisions on or before April 30, 1998 100% of the basic tax

2. The same minimum percentages shall apply to delinquent account cases with basic taxes EXCEEDING FIVE HUNDRED THOUSAND PESOS (P 500,000.00). However, dockets of the subject cases shall be forwarded to the MANCOM, for final approval.

3. Final assessments issued against Large Taxpayers, as defined under Section 245 of the Tax Code of 1997, shall not be compromised for less than fifty percent (50%). Any such compromise involving said taxpayers lower than fifty percent (50%) shall be subject to the approval of the Secretary of Finance.

4. Cases with Warrants of Distraint and Levy (WDL) shall be included in the compromise settlement.

5. Cases pending in court, except those involving criminal fraud may, with leave of court, be the subject of a compromise settlement as prescribed in this Order.

6. The following, however, cannot be the subject of a compromise settlement:

a. Deficiency VAT computed as a result of VAT audits authorized under RMO No. 38-98;
b. Cases covered by industry audits as provided in RSO Nos. 381-98, 382-98 and 389-98;
c. Withholding tax cases; and

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d. Criminal tax fraud cases.

7. Abatement of tax liabilities, including increments thereto, shall all be upon the discretion and approval of the Commissioner.

III. Procedures

The following procedures shall be observed by all Regional/Revenue District Offices:

1. Evaluate all delinquent accounts under its jurisdiction to determine which account will qualify for compromise settlement under this Order;

2. Issue the appropriate Payment Form/ATAP for the amount to be paid by the taxpayer under this Order;

3. Direct the taxpayer to pay said tax liability to any Authorized Agent Banks (AABs) or to the Revenue Collection Officer only in the absence of an AAB where the taxpayer is registered.

4. Prepare an ATCA to cancel the corresponding amount covered by the compromise payment to be signed by the Regional Director;

5. Prepare a weekly list of the taxpayers who availed of the compromise settlement and submit the same to the Regional Directors, copy furnished the Deputy Commissioner for Operations and the Assistant Commissioner for Collection; and

6. The Regional Director shall prepare a report of all availments of compromise settlement under his jurisdiction pursuant to this Order which shall contain the following facts and information, among others: names and addresses of taxpayers whose cases have been the subject of compromise; amount involved; amount compromised; and taxable year(s) covered.

IV. Repealing Clause

All revenue issuances and/or portions thereof which are inconsistent herewith are hereby amended accordingly.

V. Effectivity

This Order shall take effect immediately until June 30, 1998.

Adopted: 26 May 1998

(SGD.) LIWAYWAY VINZONS-CHATO
Commissioner of Internal Revenue

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