

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

November 14, 2002

REVENUE REGULATIONS NO. 27-2002

SUBJECT: Amending Revenue Regulations No. 1-2000 Further Implementing Section 4 of R.A. No. 8748, Entitled “An Act Amending R.A. No. 7916, Otherwise Known as the *Special Economic Zone Act of 1995*”.

TO: All Internal Revenue Officers and Others Concerned.

SECTION 1. SCOPE. – These Regulations are hereby promulgated to amend Section 6 of Revenue Regulations 1-2000 implementing Section 4 of Republic Act No. 8748, amending R.A. No. 7916, otherwise known as the “*Special Economic Zone Act of 1995*” (PEZA Law).

SEC. 2. AMENDMENT. – Section 6 of RR No. 1-2000 is hereby amended to read as follows:

“SECTION 6. Authority to Issue, Collect, Compromise or Abate Any Deficiency 5% Special Income Tax Assessment. –

“(a) Jurisdiction. – Pursuant to Section 6 of the National Internal Revenue Code of 1997, in relation to Section 24 of R.A. 7916, as amended by R.A. 8748, the power to audit and assess the herein five percent (5%) special income tax, as well as the power to abate, cancel, or compromise the payment of the said tax, including the power to implement special voluntary payment program/s for last priority in audit, shall be under the exclusive jurisdiction of the Commissioner of Internal Revenue or his duly authorized representative, subject to the approval of the Secretary of Finance in cases where such approval is necessary.

“(b) Distribution and Collection of the Deficiency Tax Assessed. – Three-fifth (3/5th) or sixty percent (60%) of the 5% special income tax assessed, inclusive of increments, representing the share of the National Government, shall be collected by the Commissioner or his duly authorized representative. Two-fifth (2/5th) or forty percent (40%) thereof shall be collected by the concerned city/municipality, representing its share from the 5% special income tax on ECOZONE enterprises. The same proportionate tax share shall be observed in case of abatement,

cancellation, compromise or implementation of a special voluntary payment program. The concerned taxpayer shall pay the sixty percent (60%) and forty percent (40%) shares in the tax directly to the National Government and the city/municipality, respectively.

“(c) Related Party Information. – The Commissioner or his duly authorized representative shall furnish the concerned city/municipal treasurer with one (1) certified copy of the formal deficiency 5% special income tax assessed against an ECOZONE enterprise at the same time the same is issued to the said taxpayer. Hence, formal deficiency tax assessment for issuance to such enterprises shall show the following:

X X X	X X X	X X X
X X X	X X X	X X X”

“A copy of the letter to the taxpayer approving request for abatement or compromise, or availment of the voluntary payment program with mention of the approved amount, shall likewise be forwarded to the concerned city/municipal treasurer referred to in the preceding paragraph.”

SEC. 3. REPEALING CLAUSE. – The provisions of revenue regulations and all other revenue issuances which are inconsistent herewith are hereby revoked, modified or amended accordingly.

SEC. 4. EFFECTIVITY CLAUSE. – The effectivity of Section 6(a) of Revenue Regulations No. 1-2000, being merely clarificatory, shall retroact to the effectivity of Revenue Regulations No. 1-2000. All other portions of these Regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue

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