

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

February 22, 2008

REVENUE MEMORANDUM CIRCULAR NO. 19-2008

SUBJECT : Circularizing the Full Text of “A Basic Guide on the Tax Amnesty Act of 2007” for Taxpayers Who Wish to Avail of the Tax Amnesty Pursuant to Republic Act No. 9480 (Tax Amnesty Act of 2007).

TO : All Internal Revenue Officials, Employees and Others Concerned

For the information and guidance of the taxpaying public and all internal revenue officers and others concerned, “A Basic Guide on the Tax Amnesty Act of 2007”, which was recently published in major newspapers (Philippine Daily Inquirer on February 6, 2008 and Manila Bulletin on February 8, 2008), is hereby circularized as follows:

“A BASIC GUIDE ON THE TAX AMNESTY ACT OF 2007

The following is a basic guide for taxpayers who wish to avail of tax amnesty pursuant of Republic Act No. 9480 (Tax Amnesty Act of 2007).

Who may avail of the amnesty?

The following taxpayers may avail of the Tax Amnesty Program:

- ✓ Individuals
- ✓ Estates and Trusts
- ✓ Corporations
- ✓ Cooperatives and tax-exempt entities that have become taxable as of December 31, 2005
- ✓ Other juridical entities including partnerships.

- Fiscal year taxpayers may likewise avail of the tax amnesty using their Financial Statement ending in any month of 2005.

EXCEPT:

- ☒ Withholding agents with respect to their withholding tax liabilities
- ☒ Those with pending cases:
 - Under the jurisdiction of the PCGG
 - Involving violations of the Anti-Graft and Corrupt Practices Act
 - Involving violations of the Anti-Money Laundering Law
 - For tax evasion and other criminal offenses under the NIRC and/or the RPC

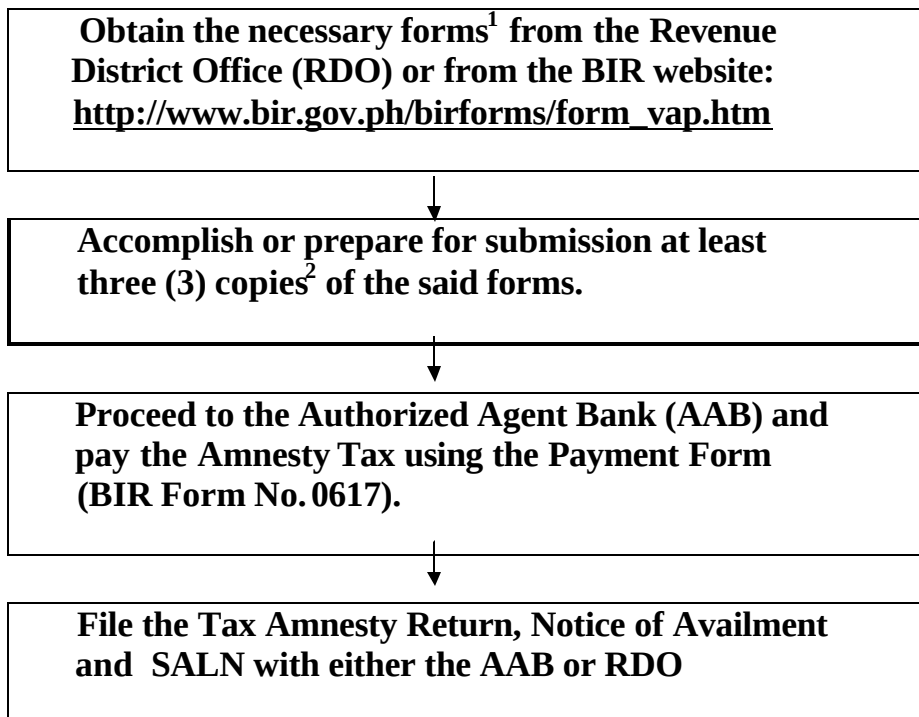
- ☒ Issues and cases which were ruled by any court (even without finality) in favor of the BIR prior to amnesty availment of the taxpayer. (e.g. Taxpayers who have failed to observe or follow BOI and/or PEZA rules on entitlement to Income Tax Holiday Incentives and other incentives)
- ☒ Cases involving issues ruled with finality by the Supreme Court prior to the effectivity of RA 9480 (e.g. DST on Special Savings Account)
- ☒ Taxes passed-on and collected from customers for remittance to the BIR
- ☒ Delinquent Accounts/Accounts Receivable considered as assets of the BIR/Government, including self-assessed tax

What taxes are covered by the Tax Amnesty Program?

The program covers all national internal revenue taxes for the taxable year 2005 and prior years that have remained unpaid as of December 31, 2005 such as:

- | | |
|---------------------|--------------------------|
| ✓ Income tax | ✓ Value-added tax |
| ✓ Estate tax | ✓ Excise tax |
| ✓ Donor's tax | ✓ Documentary Stamp tax |
| ✓ Capital Gains tax | ✓ Other percentage taxes |

What are the procedures in availing of the tax amnesty?



¹ Forms to be submitted are:

- Notice of Availment of Tax Amnesty
- Statement of Assets, Liabilities and Networth (SALN)
- Tax Amnesty Return (BIR Form No. 2116)
- Payment Form (BIR Form No.0617)

² Forms may be photocopied. Two (2) copies shall be filed with the BIR, one (1) copy shall remain with the taxpayer.

➤ **Taxpayer need not go to the BIR RDO in availing of the amnesty, but may opt to be assisted by them in preparation of forms and computations.**

What are the tax amnesty rates?

SCHEDULE OF AMNESTY TAX COMPUTATION

Individuals, Estates and Trusts	5% of networth or resulting increase in networth or P50,000, whichever is higher
Corporations (including retiring corporations under liquidation or dissolution, or surviving corporations for dissolved or absorbed corporations):	
A. With subscribed capital of above P50 M	5% of networth or resulting increase in networth or P500,000, whichever is higher
B. With subscribed capital of above P20 M up to P50 M	5% of networth or resulting increase in networth or P250,000, whichever is higher
C. With subscribed capital of P5 M up to P20 M	5% of networth or resulting increase in networth or P100,000, whichever is higher
D. With subscribed capital of below P5 M	5% of networth or resulting increase in networth or P25,000, whichever is higher
Other juridical entities including but not limited to partnerships, cooperatives and foundations that have become taxable as of December 31, 2005	5% of networth or resulting increase in networth or P50,000, whichever is higher

1. For taxpayers who **have not previously filed** their SALN/balance sheet as of December 31, 2005, the amnesty tax shall be equivalent to 5% of the TOTAL DECLARED NETWORTH as of December 31, 2005 as declared in the SALN for the same period submitted to the authorized agent bank, or the absolute minimum amnesty payment, whichever is higher.
2. For taxpayers who **have previously submitted** their SALN as of December 31, 2005, and who desire to avail of the tax amnesty, **they shall amend their previously filed statements** by including still undeclared assets and/or liabilities. The amnesty tax shall be equivalent to 5% of the RESULTING INCREASE in networth as declared in the amended SALN, or the absolute minimum amnesty payment, whichever is higher.
3. For taxpayers who have **previously filed their SALN** as of December 31, 2005 and have **no additional assets to declare**, but still wish to avail of the tax amnesty, the amnesty tax shall be equivalent to 5% of the TOTAL DECLARED NETWORTH as of December 31, 2005 or the absolute minimum amnesty payment, whichever is higher.

What shall the Statement of Assets, Liabilities and Networth (SALN) contain?

The SALN shall contain a true and complete declaration of assets, liabilities and networth of the taxpayer as of December 31, 2005, as follows:

1. Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business.
2. All existing liabilities which are legitimate and enforceable, secured or unsecured, whether or not incurred in trade or business, disclosing and indicating the list of creditors specifying their names, addresses, and the amount of the corresponding liability as of SALN date.
3. The total networth of the taxpayer shall be the difference between the total assets and total liabilities.

For amnesty availment purposes, what are the valuation rules?

FOR CORPORATIONS –

All assets, liabilities and networth shall be valued and reflected in the SALN/Balance Sheet following/observing prevailing Philippine Financial Reporting Standards (PFRS/IFRS) unless a different rule is mandated or allowed by the concerned regulatory agency, e.g. SEC, etc.

FOR INDIVIDUALS–

- a. For business-related assets and/or liabilities and networth, valuation should follow the Generally Accepted Accounting Principles (GAAP).
- b. For non-business-related assets and/or liabilities and networth, valuation should be at cost, if acquired through purchase or at Fair Market Value, if acquired through inheritance or donation. Valuation shall be at Fair Market Value/Zonal Value at the time of death or the date of donation, whichever is applicable.

FOR COOPERATIVES, FOUNDATIONS AND PARTNERSHIPS –

The valuation of the assets and liabilities and networth shall follow the mandated rules of the concerned regulatory agency namely: Securities and Exchange Commission (SEC), Cooperatives Development Authority (CDA), etc.

AVAIL THE TAX AMNESTY NOW!!!!

DEADLINE FOR FILING OF TAX AMNESTY RETURNS: MARCH 6, 2008

**COMMITTEE ON OVERSIGHT
HOUSE OF REPRESENTATIVES**

(Original Signed)

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REP. MA. RACHEL J. ARENAS
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All internal revenue officials and employees are enjoined to give this circular as wide a publicity as possible.

(Original Signed)

LILIAN B. HEFTI
Commissioner of Internal Revenue