

“SEC. 3. DURATION OF THE VAAP. – Using the VAAP-Application Forms and VAAP-Payment Forms, applications for VAAP availments and corresponding payments thereon for the taxes and taxable periods covered by Section 2(B) hereof on voluntarily disclosed sales/receipts/income or taxable base must be received not later than December 16, 2002, subject to the right of the taxpayer to pay in installment as that provided under Section 5 of these regulations.”

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SEC. 4. COMPUTATION OF THE AMOUNTS PAYABLE. – Section 4 of RR No. 17-2002, as amended by RR No. 18-2002, is hereby further amended to read as follows:

“SEC. 4. COMPUTATION OF THE AMOUNTS PAYABLE.-

(A) Income Tax – The income tax payable shall be the highest amount computed under the following:

- (1) 110% of the basic tax due if there is underdeclaration of the taxable base either through underdeclaration of sales/receipts or overclaim of deductions/tax credits;
- (2) Based on percentage of sales/receipts for-
 - (a) Individuals - 0.5% of correct sales less tax due and paid per return
 - (b) Corporations - 1% of correct sales less tax due and paid per return;
- (3) 10% of tax due per return if, for the covered year, the ratio of tax due per return over sales/receipts exceeds 2%; or 20% of the tax due per return if, for the covered year, the ratio of tax due per return over sales/receipts does not exceed 2%; or
- (4) The minimum amount of P50,000 for corporations or P10,000 for individuals.

(B) Value Added Tax – The VAT payable shall be the highest amount computed as follows:

- (1) 110% of the basic tax due if there is underdeclaration in the taxable base due to underdeclaration of sales/receipts or overclaim of deductions and/or tax credit;
- (2) 10% of the total output tax per original return; or
- (3) The fixed minimum amount of P50,000 for individuals or P100,000 for corporations.

(C) Excise Tax – The excise tax payable shall be higher amount in any of the following:

- (1) 110% of the basic tax due on the adjusted tax base; or
- (2) 2% of the voluntarily disclosed taxable base.

(D) Percentage Tax – The percentage tax payable shall be the highest amount in any of the following:

- (1) 110% of the adjusted basic tax due if there is an underdeclaration in the taxable base due to underdeclaration in sales/receipts or overclaim of deductions and/or tax credits;
- (2) 20% of tax due per original return filed, if taxpayer shall avail of allowable installment payment privilege; or 10% of the tax due per original return filed, if the taxpayer shall not avail of the installment payment privilege;
- (3) The minimum fixed amount of P10,000 for individuals or P50,000 for corporations.

(E) Improperly accumulated earnings tax – The improperly accumulated earnings tax payable shall be 110% of the basic tax due on the improperly accumulated earnings computed in accordance with Section 29 of the Code, as implemented by RR No. 2-2001;

(F) Withholding tax payable by taxpayers engaged in business – The VAAP amount shall be 110% of the basic tax due for taxpayers who will not avail of the allowable installment payment privilege, or 120% of the basic tax due for taxpayers who will avail of the allowable installment payment privilege;

(G) Documentary stamp tax payable by taxpayers engaged in business – The VAAP amount shall be 110% of the basic tax due for taxpayers who will not avail of the allowable installment payment privilege, or 120% of the basic tax due for those who will avail of the allowable installment payment privilege;

(H) Taxes on one-time transactions – The VAAP amount is at 120% of the basic tax due whether it may be the estate tax, donors tax, or capital gains tax/expanded withholding tax/documentary stamp tax or any other tax on the sale, exchange or other disposition of real property or shares of stock; and

(I) VAAP amount for accrued penalties – Penalties that have accrued due to late payment of basic tax may be the subject of VAAP availment, provided, that the VAAP amount payable shall be the interest at the rate of 20% per annum computed from the date when the basic tax was supposed to be paid up to the time of the payment thereof. In all instances, the basic tax is always collected.

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SEC. 5. EFFECTIVITY CLAUSE. – The provisions of these regulations shall take effect immediately following 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