REVENUE MEMORANDUM ORDER NO. 21-2001 issued September 13, 2001 prescribes the guidelines and procedures for the availment of Voluntary Assessment Program (VAP) which grants taxpayers last priority in audit and investigation of all internal revenue taxes for the taxable year ending December 31, 2000 and all prior years under certain conditions.

The last priority in audit and investigation shall apply to all internal revenue taxes for taxable year ending December 31, 2000 and all prior years, namely:

1) Income Tax;
2) Improperly Accumulated Earnings Tax;
3) Value-Added Tax;
4) Percentage Tax;
5) Excise Tax;
6) Documentary Stamp Tax;
7) Withholding Taxes;
8) taxes on one-time transactions such as Estate Tax, Donor's Tax, Capital Gains Tax, Expanded Withholding Tax, Documentary Stamp Tax on the sale, exchange, disposition of real property and/or shares of stock not traded through the local stock exchange; and
9) taxes imposed pursuant to special laws.

The following, however, are not covered by the privilege of last priority in audit: 1) those covered by a Preliminary Assessment Notice, or by a Final Assessment Notice, or by a Collection Letter issued on or before July 31, 2001; 2) persons under investigation on or before July 31, 2001; 3) tax fraud cases already filed and pending in Court for adjudication; and 4) those with unpaid tax liabilities or previously recognized tax liabilities, unless they pay the same prior to or at the time of availment.

The payment of the VAP amount shall not be allowed unless the unpaid tax liabilities are paid. The conditions for the availment of VAP, as well as the rates for the computation of the VAP amount, are specified in the Order.

In cases where VAP is availed on refundable returns or on excess/erroneous payments where there is a pending request for tax refund/credit, such availment of VAP shall not constitute an automatic approval of said refund or tax credit.

Taxpayers deriving income from compensation and business may choose to avail of VAP for both or one of such income only. Husband and wife may avail of VAP by filing separately VAP application and payment forms. One spouse may avail of VAP even if the other spouse would not avail.

Taxpayers retiring from business or has business entities already closed or dissolved may avail of the VAP, provided that the last day of his/its operation is not later than December 31, 2000.

The VAP payment can neither be used as tax credits in the year of payment as well as in the returns for subsequent year(s), nor as a deduction for internal revenue tax purposes, except as provided for in Section 6.8 of the Order. Excess tax credits appearing on the returns filed in the covered year(s) as well as unutilized balance of Tax Credit Certificates shall not be allowed as payment under the Program.