REVENUE MEMORANDUM ORDER NO. 22-2001 issued October 5, 2001 prescribes the guidelines and procedures for evaluating, processing and accepting offers of compromise settlement of delinquent accounts and disputed assessments, including those already filed in court.

No offer for compromise settlement by reason of financial incapacity shall be considered unless and until the taxpayer waives in writing his privilege of secrecy of bank deposits. The waiver shall constitute as the authority of the Commissioner to inquire into the bank deposits of the taxpayer.

In cases where the basic tax assessed has been adjusted as a result of reconsideration/reinvestigation and the taxpayer has signified in writing his conformity to the adjusted assessment, said taxpayer can no longer request for compromise based on doubtful validity of the assessment. Nonetheless, should the taxpayer still not agree to the adjusted assessment, but he wants to avail of the Program, the offer for compromise settlement shall be decided on a case to case basis, but in no instance shall it be lower than the minimum percentage rates prescribed by law.

Any offer of compromise on the ground of doubtful validity of the assessment involving a compromise offer of less than 40% of the basic assessed tax shall state compelling or strong reasons for such offer. All such offers shall be approved by the National Evaluation Board (NEB).

Assessments confirmed by a lower court but appealed by the taxpayer to a higher court cannot also be compromised on the ground of doubtful validity of the assessment.

The NEB shall have the authority to approve offers of compromise on the following: 1) offers less than the minimum prescribed minimum rates; 2) on delinquent accounts or disputed tax cases as well as on minor/major criminal violations (other than criminal tax fraud cases already filed in courts) of taxpayers under the jurisdiction of the National Office; and 3) on delinquent accounts or disputed tax cases involving assessments where the basic assessed tax, on a per tax type basis, exceeds P 500,000.00, and of major criminal violations (other than criminal tax fraud cases and criminal cases already filed in courts) of taxpayers under the jurisdiction of the Regional Offices (ROs).

The Regional Evaluation Board (REB) shall have the authority to approve offers of compromise of deficiency assessments issued by the ROs involving basic assessed tax, on a per tax type basis, of P 500,000.00 or less, and of minor criminal violations of taxpayers discovered by the Regional Office/Revenue District Office having jurisdiction over said taxpayers.

The prescribed minimum percentages shall likewise apply to offers of compromise settlements of assessment/deficiencies/findings consisting solely of increments (i.e. surcharge, interest, etc.) based on total amount assessed.

Tax Credit Certificates/Tax Debit Memos shall not be allowed as payment in the offers of compromise. The evaluation of the offers of compromise shall be done on a per tax type basis. The deadline for the filing of application for compromise offer shall be one or before November 15, 2001.