REVENUE REGULATIONS NO. 6-2000 issued September 25, 2000 prescribes the regulations to implement the compromise settlement of internal revenue tax liabilities of taxpayers with outstanding receivable accounts and disputed assessments. Cases which may be the subject of compromise settlement are the following: 1) delinquent accounts; 2) cases under administrative protest pending in the Regional Offices, Revenue District Offices, Legal Service, Large Taxpayers Service (LTS), Enforcement Service, Excise Taxpayers Service (ETS) and Collection Service; 3) civil tax cases being disputed before the courts; 4) collection cases filed in courts; and 5) criminal violations, other than those already filed in court, or those involving criminal tax fraud. Cases that cannot be compromised are: 1) withholding tax cases; 2) criminal tax fraud cases; 3) criminal violations already filed in court; and 4) delinquent accounts with duly approved schedule of installment payments.

The basis for the acceptance of compromise settlement are: 1) doubtful validity of the assessment; and 2) financial incapacity. The prescribed minimum rates for the compromise settlement of tax liabilities, reckoned on a per tax type assessment basis, are: a) 40% in cases of doubtful validity; b) 10% in cases of financial incapacity; and c) 50% in cases of delinquent accounts and disputed assessments of taxpayers registered under the LTS and ETS. Applications for the compromise settlement of tax liabilities will be evaluated and approved/disapproved by the: a) National Evaluation Board (for basic assessed tax exceeding P 1 Million and for offers less than the prescribed minimum rates); b) Regional Evaluation Board (for basic assessed tax of P 500,000.00 or less); and 3) Commissioner of Internal Revenue (for basic assessed tax exceeding P 500,000.00 but not over P1 Million).