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Tax deadlines

FOR most of us, April is not only a merry month of summer outings and getaways, but also of filing taxes and tax deadlines. Tax deadlines are actually spread throughout the year, depending on the nature of the transactions made and the type of taxes that are required to be paid. However, for most taxpayers (individual or corporate), April 15 is the last day for filing last year's income-tax return (ITR) and the corresponding payment of the income taxes due

For individual taxpayers, Section 74(B) of the Tax Code of 1997, as amended, essentially says income tax shall be paid in four installments: the first, due and payable at the time of the declaration; the second, on August 15 of the current year; the third, on November 15; and the fourth, on or before April 15 of the following calendar year.

For corporate taxpayers, Section 77(B) of the Tax Code requires the filing of their corporate quarterly declaration within 60 days after the close of each of the first three quarters, and the filing of the final adjustment return on or before April 15, or on or before the 15th day of the fourth month after the close of the fiscal year, as the case may be. As most corporate taxpayers follow the calendar year, April 15 has become a busy day, not only for taxpayers, but also for tax authorities.

Compliance with the deadline for filing an ITR is especially significant in at least three scenarios: the imposition of interest and surcharge; the assessment of the taxpayer's deficiency tax liabilities; and the claiming of a refund for erroneously paid taxes.

Section 248 of the Tax Code imposes a civil penalty (surcharge), equivalent to 25 percent of the amount due, in case the taxpayer fails to file any return and pay the tax due thereon on the date prescribed, or fails to pay the full or part of the amount of tax shown on any return required to be filed on or before the date prescribed for its payment. On the other hand, Section 249 imposes an interest on any unpaid amount of tax at the rate of 20 percent per annum or higher, as may be prescribed by rules and regulations, from the date prescribed.

On the matter of the assessment of the taxpayer's deficiency taxes, Section 203 of the Tax Code requires the assessment to be made within three years following the last day prescribed by law for the filing of the return, provided that, in a case where a return is filed beyond the period prescribed by law, the three-year period shall be counted from the day the return was filed. A return filed before the last day prescribed by law for the filing thereof is considered as filed on the last day. In case an amended return is filed and a substantial amendment is made, the prescriptive period is reckoned from the filing of the amended ITR (Court of Tax Appeals [CTA] Case 540; 7914).

On the issue of claiming a refund for erroneously paid taxes, Section 204© of the Tax Code requires the filing of the claim with the Internal Revenue commissioner within two years reckoned from the erroneous payment of the tax. For claiming a refund or tax credit with the court, Section 229 of the Tax Code also requires the filing of the claim within two years from the erroneous payment of the tax. The two-year prescriptive period for filing a claim for refund is reckoned from the actual date of filing of the original final adjustment return, not the amended return (CTA Case 7914).

Fully aware of the significance of beating the deadlines on the part of the taxpayer and the Bureau of Internal Revenue (BIR) itself, and to provide ease in filling out ITRs, which, incidentally, are in new forms, again pursuant to Revenue Regulations 2-2014, the bureau issued Revenue Memorandum Circular 20-2014, which is aimed at encouraging non-Electronic Filing and Payment System taxpayers to use the offline eBIRForms package, which can be accessed and downloaded from the BIR website (www.bir.gov.ph). Taxpayers who avail themselves of this package can directly encode, validate, edit, save, delete, view, print and submit their tax returns.

With less than a week before April 15, taxpayers are encouraged to file and pay their taxes ahead of time to avoid inconvenience. It will certainly do good if we are able to pay our taxes before the deadline. Carpe diem!

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