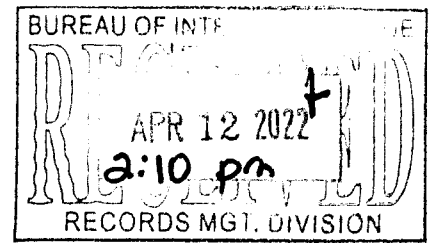




REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City



April 08, 2022

**REVENUE MEMORANDUM CIRCULAR NO. 43-2022**

**SUBJECT : Non-Imposition of Surcharge on Amended Tax Returns**  
**TO : All Internal Revenue Officials, Employees and Others Concerned**

Under Section 248 (A) of the Tax Code, as amended, in addition to the tax required to be paid, a penalty equivalent to twenty-five percent (25%) of the amount due shall be imposed in the following cases:

- (1) Failure to file any return and pay the tax due thereon as required under the provisions of this Code or rules and regulations on the date prescribed; or
- (2) Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed; or
- (3) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessments; or
- (4) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of this Code or rules and regulations, or the full amount of the tax due for which no return is required to be filed, on or before the date prescribed for its payment.

In Revenue Memorandum Circular (RMC) No. 54-2018, when an additional tax is due per amended tax return, the 25% surcharge shall be imposed based on the additional tax to be paid, while in RMC No. 46-99 it is stated that no 25% surcharge shall be imposed in computing for the deficiency tax assessment as a result of tax audit. It appears that in this policy, a taxpayer is unduly penalized for amending tax returns to pay the correct tax due but is unintentionally rewarded if unremitted taxes or correct tax due is paid only during tax audit, which therefore discourages taxpayers to amend their tax returns to voluntarily pay the correct tax due.

For a better understanding and to reconcile the above RMCs, 25% surcharge shall not be imposed to an amendment of a tax return if the taxpayer was able to file the initial tax return on or before the prescribed due date for its filing. On the other hand, the 25% surcharge shall be imposed on a tax deficiency found during audit if the particular tax return being audited was found to have been filed beyond the prescribed period or due date.

*[Handwritten signature]*

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**ILLUSTRATIONS:**

- A. ABC Corporation filed its Annual Income Tax Return (AITR) for taxable year (TY) 2020 on April 10, 2021, paying an income tax due of P 500,000.00. However, after the external auditor has finished the examination of their financial statements and records on May 31, 2021, the taxable income increased resulting to a tax due of P 600,000.00. The company amended the AITR on June 2, 2021. How much then should ABC Corporation pay upon filing the amended AITR?

The amount payable should be P 116,578.08, as computed below:

Total Tax Due (per amended return)	P 600,000.00
Less: Income Tax Paid in Return Previously Filed on 04/10/2021	500,000.00
Net Tax Payable	P 100,000.00
Add: Penalties	
<b>25% Surcharge</b>	-
12% Interest p.a. from 04/16/2021 to 06/02/2021	1,578.08
Compromise Penalty for late payment*	15,000.00
Total Amount Payable	P 116,578.08

\*The penalty is based on the suggested compromise penalty pursuant to RMO No. 7-2015

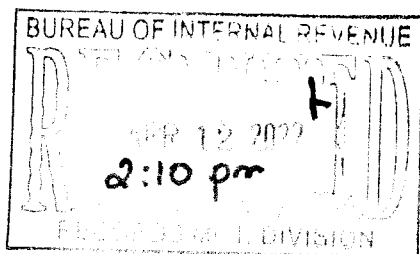
- B. XYZ Corporation filed its AITR for TY 2020 on May 15, 2021 paying tax payable of P 400,000.00, exclusive of penalties. On June 15, 2021, a Letter of Authority was issued for the examination of all its internal revenue tax liabilities. A deficiency income tax of P 75,000.00 was found due on January 10, 2022. How much shall the Assessment Notice show as total income tax deficiency tax, assuming the penalties on late filing and payment on the declared tax payable per AITR filed has been paid upon filing?

The amount payable shall be a total of P 115,407.50, as computed below:

Income Tax Due per Audit	P 475,000.00
Less: Income Tax Paid per AITR	400,000.00
Income Tax Still Due and Payable	P 75,000.00
Add: Penalties	
<b>25% Surcharge</b>	18,750.00
12% Interest p.a. from 04/16/2021 to 01/10/2022	6,657.53
Total Amount Payable	P 100,407.50
Compromise penalty for late payment of income tax due	P 15,000.00

All revenue officers and employees are hereby enjoined to give this Circular as wide a publicity as possible.

This Circular takes effect immediately.



**CAESAR R. DULAY**  
 Commissioner of Internal Revenue  
 By: *[Signature]* 0003  
**MARISSA D. CABREROS**  
 Deputy Commissioner  
 Legal Group  
 Officer-in-Charge