



Bringing In Revenues  
for Nation-Building

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



Date: JUL 23 2026

**REVENUE MEMORANDUM CIRCULAR NO. 084 - 2026**

**SUBJECT : Clarifying Certain Provisions of Revenue Regulations No. 004-2026, Prescribing the Guidelines and Procedures for the Availment of the One-Time Abatement of Taxes and/or Penalties for Micro Taxpayers**

**TO : All Micro Taxpayers, Internal Revenue Officers, Employees and Others Concerned**

This Circular is issued in order to clarify certain provisions of Revenue Regulations (RR) No. 004-2026 which prescribes the guidelines and procedures for the availment of the one-time abatement of taxes and/or penalties for Micro Taxpayers.

The One-Time Abatement Program is an exercise of the authority of the Commissioner of Internal Revenue under Section 204(B) of the National Internal Revenue Code of 1997, as amended (Tax Code), to abate or cancel a tax liability where the administration and collection costs involved do not justify the collection of the amount due, in relation to the taxpayer classification introduced under Section 21(B) of the Tax Code, as amended by Republic Act No. 11976 or the Ease of Paying Taxes Act, and implemented by RR No. 8-2024.

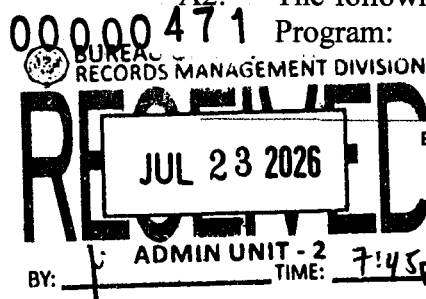
**Q1: What is the basis for tagging a taxpayer as a Micro Taxpayer?**

**A1:** For purposes of RR No. 004-2026, the taxpayer's classification as a Micro Taxpayer shall be determined based on the taxpayer's classification reflected in Internal Revenue Integrated System - Taxpayer Registration System (IRIS-TRS) as of December 31, 2025. Taxpayers may verify their classification online through the BIR Online Registration and Update System (ORUS) via the "BIR-Registered Business Search and Taxpayer Classification Inquiry" facility at <https://orus.bir.gov.ph/search/businessname>.

Alternatively, taxpayers may coordinate with their respective RDOs to verify their classification.

**Q2: What are the documents that need to be submitted to avail of the One-Time Abatement Program?**

**A2:** The following documents need to be submitted to avail of the One-Time Abatement Program:



A. For individual Micro Taxpayer:

1. Three (3) copies of duly accomplished One-Time Abatement for Micro Taxpayers Application Form (BIR Form No. 2121);
2. Photocopy of any valid government-issued ID (e.g., PhilSys, Passport, Driver's License) showing the name, address, and birthdate;
3. Duly notarized Special Power of Attorney authorizing the representative to process the application for the One-Time Abatement Program, if filed through an authorized representative;
4. Photocopy of any valid government-issued ID of the authorized representative;
5. Certificate of Existence of Outstanding Tax Liability/ies;
6. Copy of the Preliminary Assessment Notice (PAN), Final Assessment Notice (FAN), Final Letter of Demand (FLD) or Final Decision on Disputed Assessment (FDDA) with the corresponding details of assessments, if applicable; and
7. Letter of withdrawal of application for compromise or application for abatement, duly received by the Regional Collection Division, if applicable.

B. For non-individual Micro Taxpayer:

1. Three (3) copies of duly accomplished One-Time Abatement for Micro Taxpayers Application Form (BIR Form No. 2121);
2. Duly notarized Board Resolution or Written Resolution, in case of One Person Corporation (OPC), or Secretary Certificate authorizing the representative to process the application for the One-Time Abatement Program;
3. Photocopy of any valid government-issued ID of the sole stockholder of the OPC or Corporate Secretary;
4. Photocopy of any valid government-issued ID of the authorized representative;
5. Certificate of Existence of Outstanding Tax Liability/ies;
6. Copy of the PAN, FAN, FLD or FDDA with the corresponding details of assessments, if applicable; and
7. Letter of withdrawal of application for compromise or application for abatement, duly received by the Regional Collection Division, if applicable.

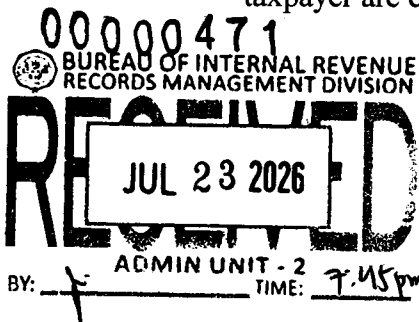
Only applications with complete documentary requirements shall be received and processed.

**Q3: What is the Certificate of Existence of Outstanding Tax Liability/ies and where can the taxpayer secure it?**

**A3:** The Certificate of Existence of Outstanding Tax Liability/ies (CEOTL) is the official document showing the following:

1. Outstanding liability as of December 31, 2025;
2. Tax type/s and taxable year/s involved; and
3. Other information necessary to determine qualification under RR No. 004-2026.

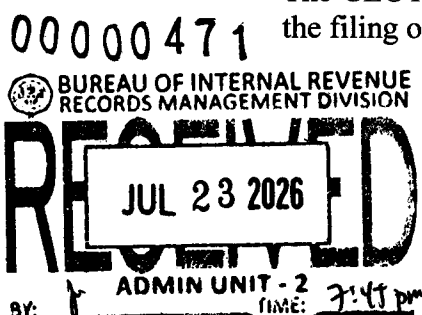
The CEOTL shall be controlling, for purposes of determining if the liabilities of the taxpayer are covered by RR No. 004-2026.



The CEOTL shall be requested and secured by the taxpayer from all the concerned Issuing Offices listed below, as required by the RDO, prior to the filing of the Application for One-Time Abatement:

| Micro Taxpayer Tax Cases                                                                                                                                                                                                                                                           | Issuing Office                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Delinquent Accounts                                                                                                                                                                                                                                                             | Regional Collection Division                                                                                                                                                                                          |
| 2. Cases with pending applications of Compromise Settlement applications or Abatement under RR Nos. 13-2001 and 30-2002                                                                                                                                                            |                                                                                                                                                                                                                       |
| 3. "Accounts Payable" or "Due to BIR" duly recorded or acknowledged in the Taxpayer's Books of Account<br><i>(for certification that the payable does not appear in the records as delinquent account)</i>                                                                         |                                                                                                                                                                                                                       |
| 4. Cases with preliminary or final assessment, whether unprotested or with administrative protest pending in the Regional Office, Revenue District Office, Legal Service thru Appellate Division, Collection Service, Enforcement Service and other Offices in the National Office | Office of the Regional Director, through the Regional Assessment Division, Revenue District Office, Appellate Division, Collection Service, Enforcement and Advocacy Service, or other Offices in the National Office |
| 5. Tax cases being disputed before the Department of Justice and the courts, including decided cases which are not yet final and executory                                                                                                                                         | Legal Division of the Regional Office or Litigation Division in the National Office                                                                                                                                   |
| 6. Tax Collection Cases filed with the Courts                                                                                                                                                                                                                                      |                                                                                                                                                                                                                       |
| 7. Criminal violations, other than those under the Run After Tax Evaders (RATE) Program of the Bureau, and other tax fraud cases, which are not yet filed in Court                                                                                                                 | Revenue District Office                                                                                                                                                                                               |
| 8. No basic tax due but only penalties due (except interests and surcharge accessory to deficiency tax assessment)                                                                                                                                                                 |                                                                                                                                                                                                                       |
| 9. Open Stop-Filer Cases                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                       |
| 10. Criminal violations under the Run After Tax Evaders (RATE) Program of the Bureau, and other tax fraud cases, which are not yet filed in Court<br><i>(for certification that no case has been filed in Court)</i>                                                               | Legal Division of the Regional Office or Prosecution Division in the National Office                                                                                                                                  |

The CEOTL shall be issued by the Issuing Office within two (2) working days from the filing of the request.



**Q4: Can a taxpayer who earns both compensation income and business income qualify for abatement?**

**A4:** Yes. As long as the taxpayer is classified as a Micro Taxpayer and the tax liability sought to be abated is covered under Sections 3 and 4 of RR No. 004-2026, the taxpayer may avail of the One-Time Abatement Program, subject to compliance with all the requirements therefor.

**Q5: Where and how should the Micro Taxpayer file the application for One-Time Abatement?**

**A5:** All applications for the One-Time Abatement Program and submission of complete documentary requirements, including proof of payment of the abatement fee, shall be manually filed with the RDO where the Micro Taxpayer is registered, using the Application Form (BIR Form No. 2121).

For Micro Taxpayers with multiple branches, the application, with the complete documentary requirements, shall be filed with the RDO having jurisdiction over the taxpayer's Head Office.

For covered cases with multiple tax types, all applicable tax types shall be manually indicated in the Tax Type field for each applicable covered case (Part II, Items 14 to 22). The amount due shall be the aggregate amount for all tax types per covered case. Failure to specify the tax types and basic amount due in any covered case shall result to the denial of the application for abatement.

All information provided in the Application Form shall be subject to verification against the Bureau's records upon its submission to the RDO.

**Q6: What is the Alphanumeric Tax Code (ATC) for the One-Time Abatement?**

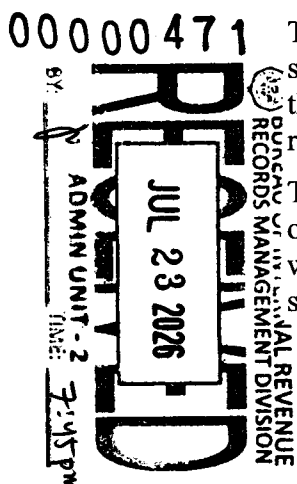
**A6:** The ATC for the one-time abatement are **MC350** for individual taxpayers and **MC351** for non-individual taxpayers. The applicable ATC should be ticked in Item 4 of the Application Form (BIR Form No. 2121) and indicated in Item 6 of the Payment Form (BIR Form No. 0605).

**Q7: RR No. 004-2026 states that taxpayers shall use BIR Form No. 0605 for payment of the Five Thousand Pesos (₱ 5,000.00) abatement fee. What should be indicated in Item 8 (Tax Type) of BIR Form No. 0605 if multiple tax types are involved?**

**A7:** For all payments of abatement fee under the One-Time Abatement Program, the code "MA" shall be indicated in Item 8 (Tax Type) of BIR Form No. 0605, regardless of the tax type/s involved.

The ₱ 5,000.00 abatement fee shall be indicated in Item 21 of the BIR Form 0605. The stamped "Received" copy of the Application Form shall serve as sufficient basis for the payment of the abatement fee; no prior approval of BIR Form No. 0605 shall be required.

The BIR Form No. 0605 shall be filed and the abatement fee paid, either electronically or manually if unavailable in accordance with existing issuances, within five (5) working days from the filing of the application, and proof of payment shall be submitted to the RDO within five (5) working days from the date of payment. Failure



to submit proof of payment within the required period shall render the application void, without prejudice to re-filing within the availment period. The abatement fee is non-refundable; however, in case of denial or withdrawal of the application, the fee shall be applied as partial payment of the taxes and/or penalties sought to be abated.

**Q8: May a Micro Taxpayer with a pending application for compromise settlement avail of the One-Time Abatement Program?**

**A8:** Yes. The taxpayer with a pending application for compromise settlement may avail of the One-Time Abatement Program with respect to the liabilities covered by the application for compromise. For this purpose, the taxpayer shall be required to file a withdrawal of its pending compromise settlement application before the Regional Collection Division and submit a duly received copy thereof with the application for One-Time Abatement.

Where the docket is already with the Technical Working Group – Regional Evaluation Board, Regional Evaluation Board, Technical Working Group – National Evaluation Board, National Evaluation Board, Accounts Receivable Monitoring Division, or any other office, the physical docket need not be returned to the RDO.

**Illustration:**

A Micro Taxpayer filed an application for compromise settlement in 2022 covering a delinquent Income Tax liability for Taxable Year 2020 or the following tax liabilities:

|                          |                    |
|--------------------------|--------------------|
| Basic tax:               | ₱ 65,000.00        |
| Interests and Surcharge: | <u>₱ 25,000.00</u> |
| Total:                   | ₱ 90,000.00        |

The Micro Taxpayer paid a compromise offer amount of ₱ 10,000.00 pursuant to the pending compromise settlement application. However, the application remains pending for evaluation. Subsequently, the Micro Taxpayer signified its intention to avail of the One-Time Abatement Program.

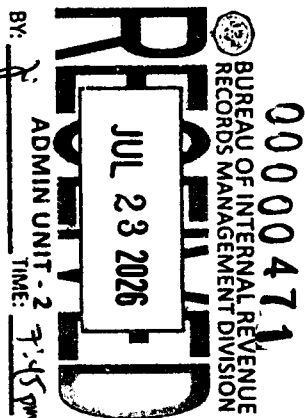
The amount of ₱ 10,000.00 previously paid under the compromise settlement application shall not be refunded, credited, or applied against the One-Time Abatement Fee. However, the said payment will be deducted from the basic tax due.

Upon the application for One-Time Abatement, the taxpayer shall still pay the prescribed One-Time Abatement Fee of ₱ 5,000.00.

Upon payment of the One-Time Abatement Fee and approval of the application, the Certificate of Availment shall be issued, the outstanding tax liabilities amounting to ₱ 80,000.00 (₱ 90,000.00 - ₱ 10,000.00) shall be cancelled, and the liability shall be considered settled.

**Q9: May a Micro Taxpayer with a pending application for abatement of penalties under RR No. 13-2001 avail of the One-Time Abatement Program?**

**A9:** Yes. The taxpayer with a pending application for abatement of penalties under RR No. 13-2001 may avail of the One-Time Abatement Program with respect to the



liabilities covered by the application for abatement of penalties. For this purpose, the taxpayer shall be required to file a withdrawal of its pending abatement application under RR No. 13-2001 before the Regional Collection Division and submit a duly received copy thereof with the application for One-Time Abatement.

**Illustration:**

A Micro Taxpayer has an Income Tax liability for Taxable Year 2021 consisting of:

|                         |                    |
|-------------------------|--------------------|
| Basic tax:              | ₱ 45,000.00        |
| Surcharge and Interest: | ₱ 40,000.00        |
| Compromise Penalties:   | <u>₱ 43,500.00</u> |
| Total:                  | ₱128,500.00        |

The taxpayer filed an application for Abatement of Penalties under RR No. 13-2001 and paid the full amount of basic tax, as required by the application. However, the application remains pending. Thereafter, the Micro Taxpayer signified its intention to avail of the One-Time Abatement Program.

The compromise penalties shall be subject to the ₱ 80,000.00 threshold under Section 4(i) of RR No. 004-2026, while the interests and surcharge, being incidental to the basic tax, will not be included in the computation for the ₱ 80,000.00 threshold. Hence, the taxpayer, having compromise penalties amounting to less than ₱ 80,000.00 is qualified to avail of the One-Time Abatement Program.

The basic tax previously paid shall remain valid and shall not be refunded, credited, or applied against the One-Time Abatement Fee.

Upon the application for One-Time Abatement, the taxpayer shall still pay the prescribed One-Time Abatement Fee of ₱ 5,000.00.

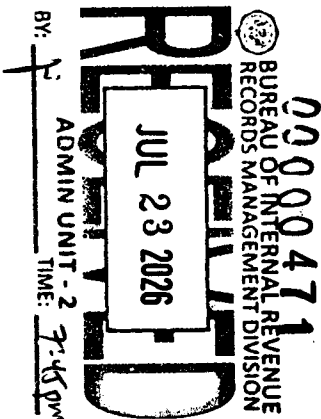
Upon payment of the One-Time Abatement Fee and approval of the application, the Certificate of Availment shall be issued, the outstanding liability amounting to ₱ 83,500.00 (₱ 128,500.00 - ₱ 45,000.00) shall be cancelled, and the liability shall be considered settled.

**Q10: Is the filing of the application for One-Time Abatement considered deemed withdrawal of a pending administrative appeal against the PAN, FAN/FLD, or FDDA covered by the application?**

**A10:** No. The filing of an application for One-Time Abatement shall not be considered as deemed withdrawal of a pending administrative appeal against the PAN, FAN/FLD, or FDDA covered by the application. The resolution of the administrative appeal shall be suspended while the application for One-Time Abatement is pending.

After the issuance of the Certificate of Availment, the corresponding Authority to Cancel Assessment (ATCA) for the abated assessed tax and/or penalties shall be prepared and issued.

In case of denial, voidance, or withdrawal of the application, the suspension shall be lifted. Hence, the resolution of the administrative appeal shall resume.



**Q11: Does the one-time abatement cover taxes due arising from one-time transactions (e.g. sale of real property, sale of shares of stock, donation, etc.)?**

**A11:** Yes, the one-time abatement cover taxes due arising from one-time transactions provided that:

1. The taxpayer statutorily liable for the tax sought to be abated (e.g., the seller for Capital Gains Tax, the donor for Donor's Tax) is classified as a Micro Taxpayer;
2. The liability is covered under Section 4 of RR No. 004-2026; and
3. The covered liability as of December 31, 2025, as certified by the concerned Issuing Office under Q&A No. 3, does not exceed ₱ 80,000.00.

RR No. 004-2026 do not distinguish as to the type of transaction involved, provided that the application satisfies the ₱ 80,000.00 threshold per taxable year and all other requirements under the said RR.

**Q12: What types of penalties are covered by the one-time abatement program?**

**A12:** All types of penalties – interests, surcharges, open case penalties, compromise penalties under covered under Annex A of Revenue Memorandum Order (RMO) No. 7-2015, as amended, arising from liabilities covered under Section 4 of RR No. 004-2026 – can be abated under the One-Time Abatement Program.

For purposes of the ₱ 80,000.00 threshold, unpaid basic taxes and compromise penalties shall be included in the computation while surcharges and interests shall be excluded therefrom.

**Q13: Are RATE cases and fraud cases covered by the One-Time Abatement Program?**

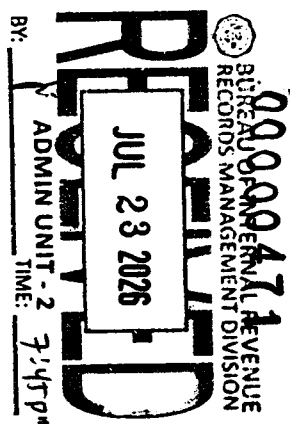
**A13:** As a general rule, RATE cases and other tax fraud cases are not covered by the One-Time Abatement Program. However, they may be covered if allowed by the Commissioner of Internal Revenue or his duly authorized representative on meritorious grounds. Applications for One-Time Abatement for RATE cases and other tax fraud cases shall be supported by a written approval, signed by the Commissioner of Internal Revenue or his duly authorized representative, in addition with the other required documents under Q&A No. 2.

**Q14: May open case liabilities from different taxable years be covered by the One-Time Abatement Program?**

**A14:** Yes. Open case liabilities pertaining to multiple taxable years may be covered by the One-Time Abatement Program. The taxpayer may choose the taxable year/s for which to avail the One-Time Abatement Program and must file a separate application and pay the ₱ 5,000.00 abatement fee for each taxable year. Cases pertaining to taxable years for which no application was filed or no abatement fee was paid shall remain subject to regular enforcement process.

Moreover, the ₱ 80,000.00 threshold for determining if the liabilities are qualified for abatement shall also be applied separately for each taxable year.

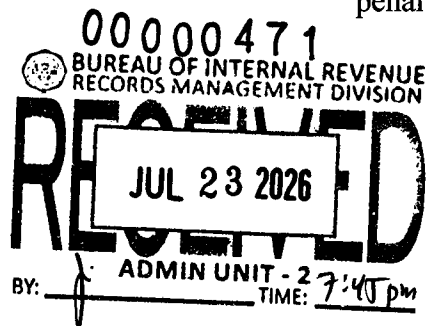
Only open cases existing as of December 31, 2025, i.e., those arising from returns of obligations whose statutory due dates fell on or before December 31, 2025, are covered



because Section 3 of RR No. 004-2026 limits the coverage of abatement to open cases existing as of December 31, 2025. Accordingly, open cases pertaining to taxable year 2025 returns filing and obligations that fell due only in 2026, such as the Annual Income Tax Return for taxable year 2025, are not covered.

**Illustration:**

Mr. XYZ, a Micro Taxpayer, has ceased operating his water refilling station business since 2021 and has not filed any tax returns since then. However, he failed to cancel his business registration with the BIR. How may Mr. XYZ avail of the One-Time Abatement Program, assuming that he has generated open case penalties in the following amounts:



|          |             |
|----------|-------------|
| TY 2021: | ₱ 15,000.00 |
| TY 2022: | ₱ 20,000.00 |
| TY 2023: | ₱ 20,000.00 |
| TY 2024: | ₱ 20,000.00 |
| TY 2025: | ₱ 20,000.00 |
| TY 2026: | ₱ 7,000.00  |

In this case, Mr. XYZ may avail of the One-Time Abatement Program for taxable years 2021 to 2024, considering that the open case liabilities for these taxable years fell due before December 31, 2025 and are below ₱ 80,000.00. For taxable year 2025, the penalties may be qualified for the One-Time Abatement Program if they arose from non-filing of returns with due dates falling in 2025. For taxable year 2026, the penalties cannot be abated under the One-Time Abatement Program since they were not existing on or before December 31, 2025.

Assuming that the open case penalties for taxable year 2025 were from returns falling due before December 31, 2025, Mr. XYZ must file five (5) applications for the One-Time Abatement program (one for each taxable year from 2021 to 2025) and pay the corresponding abatement fee of ₱ 5,000.00 per application, or a total of ₱25,000.00. Upon approval of the application and payment of the abatement fee, five (5) Certificates of Availment shall be issued and the penalties totaling ₱95,000.00, shall be cancelled and the liabilities shall be considered settled.

**Q15: A Micro Taxpayer has unpaid penalties from open cases and violations of the provisions of the Tax Code in the total amount of ₱100,000.00 for the entire taxable year. Can the taxpayer apply for the abatement of her penalties?**

**A15:** No. Since the unpaid penalties for the entire taxable year aggregates to ₱100,000.00, the taxpayer is not qualified to avail the one-time abatement.

**Q16: Does the Micro Taxpayer need to file the unfiled returns in order to close the open cases?**

**A16:** No. Where the open case liabilities qualify under RR No. 004-2026, and there are no unpaid taxes due, the taxpayer may avail of the One-Time Abatement Program without

filing the corresponding unfiled returns. Upon issuance of the Certificate of Availment and completion of the prescribed procedures under the implementing guidelines, the covered open case liabilities shall be cancelled and considered settled.

**Q17: When a Micro Taxpayer, whether actively engaged in business or has ceased operations already or still actively engaged in business who has unfiled returns wishes to update and rectify their registration and tax records with the Bureau as of December 31, 2025, is the taxpayer still qualified to avail of the One-Time Abatement Program under RR No. 004-2026?**

**A17:** Yes. A Micro Taxpayer may avail of the One-Time Abatement Program for purposes of updating and correcting their records with the Bureau, provided that all qualifications and requirements under RR No. 004-2026 are satisfied.

For this purpose, the taxpayer may file the appropriate unfiled tax returns to rectify their records. Such filing shall not preclude the taxpayer from availing of the One-Time Abatement Program, provided that the taxpayer otherwise qualifies under RR No. 004-2026.

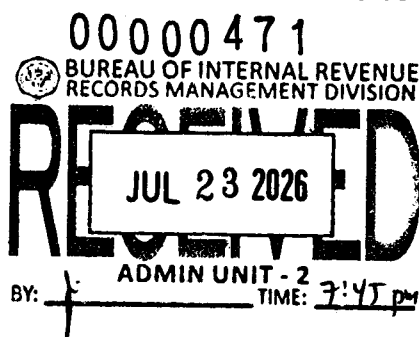
**Illustration:**

Mr. XYZ is a Micro Taxpayer engaged in a water refilling station business. He ceased business operations in 2021 but failed to update his registration with the Bureau and failed to file the required tax returns thereafter. As a result, open case liabilities and corresponding penalties were generated.

In 2026, Mr. XYZ intends to regularize his records with the Bureau by filing the appropriate unfiled tax returns and applying for the closure of his business registration.

**Scenario 1 – Qualified for Availment under RR No. 004-2026**

After filing the appropriate tax returns, the taxpayer's liabilities for the taxable year 2021, still tagged as due as of December 31, 2025, as reflected in the CEOTL are as follows:



|                                         |                    |
|-----------------------------------------|--------------------|
| Basic tax:                              | ₱ 50,000.00        |
| Surcharge:                              | ₱ 12,500.00        |
| Interest:                               | ₱ 15,000.00        |
| Compromise Penalties<br>for Non-Filing: | <u>₱ 10,000.00</u> |
| Total:                                  | ₱ 87,500.00        |

For purposes of determining qualification under RR No. 004-2026, only the outstanding basic tax amounting to ₱ 50,000.00 and compromise penalty for non-filing amounting to ₱ 10,000.00 shall be considered.

Since the aggregate amount of outstanding basic tax and compromise penalty for the taxable year 2021 does not exceed the prescribed threshold of ₱ 80,000.00, Mr. XYZ is qualified to avail the One-Time Abatement Program, provided all other requirements are satisfied.

### Scenario 2 – Not Qualified for Availment under RR No. 004-2026

After filing the appropriate tax returns, the taxpayer's liabilities for taxable year 2021, still tagged as due as of December 31, 2025, as reflected in the CEOTL are as follows:

|                                         |                    |
|-----------------------------------------|--------------------|
| Basic Tax:                              | ₱ 95,000.00        |
| Surcharge:                              | ₱ 23,750.00        |
| Interest:                               | ₱ 28,500.00        |
| Compromise Penalties<br>for Non-Filing: | <u>₱ 10,000.00</u> |
| Total:                                  | ₱ 157,250.00       |

Although the taxpayer intends to regularize his records and file the appropriate unfiled tax returns, the outstanding basic tax and compromise penalty for the taxable year 2021 amounts to ₱ 105,000.00, which exceeds the maximum threshold of ₱ 80,000.00 prescribed under RR No. 004-2026.

Accordingly, the taxpayer is not qualified for availment of the One-Time Abatement Program.

**Q18: Section 4 of RR No. 004-2026 refers to “delinquent or assessed basic tax.” Does this mean that interests and surcharges are excluded in the abatement program?**

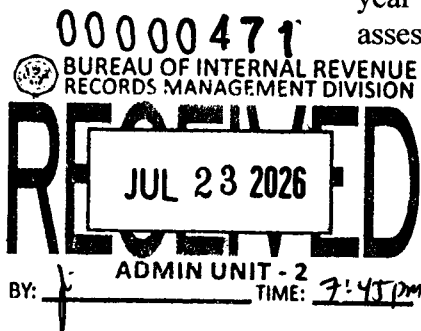
**A18:** Interests and surcharges on delinquent or assessed taxes are excluded for purposes of determining whether the liability falls within the ₱ 80,000.00 threshold. However, if the delinquent or assessed basic tax falls within the threshold, and is subsequently abated, the interest and surcharges incidental thereto shall likewise be abated. Compromise penalties, being penalties that are not accessory or incidental to delinquent or assessed taxes, shall be included in the computation for purposes of the ₱ 80,000.00 threshold.

#### Illustration:

ABC Corporation, a Micro Taxpayer, has a tax due of ₱ 60,000.00 for taxable year 2023, but has failed to file its ITR and pay such tax due. Hence, it was assessed with the following deficiency taxes and penalties:

|                           |                    |
|---------------------------|--------------------|
| Basic deficiency tax:     | ₱ 60,000.00        |
| Surcharge:                | ₱ 15,000.00        |
| Interest (12% per annum): | ₱ 24,000.00        |
| Compromise Penalty:       | <u>₱ 15,000.00</u> |
| Total:                    | ₱ 114,000.00       |

For purposes of determining compliance with the threshold, only the basic deficiency tax (₱ 60,000.00) and compromise penalty for non-filing of returns (₱ 15,000.00) shall be aggregated, for a total of ₱ 75,000.00. Since the aggregate amount for the assessed basic tax and the penalty does not exceed ₱ 80,000.00, ABC Corporation, being a Micro Taxpayer, is qualified to avail itself of the



One-Time Abatement Program for its liabilities for taxable year 2023. Upon payment of the ₱ 5,000.00 abatement fee and approval of the application, a Certificate of Availment shall be issued and ABC Corporation's assessed tax, including the interest and surcharge incidental thereto, and its penalty for non-filing of returns, in the aggregate amount of ₱114,000.00, shall be cancelled and the liabilities shall be considered settled.

**Q19: Based on the Formal Letter of Demand/Final Assessment Notice, the following are the deficiency taxes due against Ms. NKS, who is classified as a Micro Taxpayer, for taxable year 2019:**

| Tax Type                       | Basic Tax Due       | Interest           |
|--------------------------------|---------------------|--------------------|
| Income Tax (IT)                | ₱ 80,000.00         | ₱ 28,800.00        |
| Value-Added Tax (VAT)          | ₱ 50,000.00         | ₱ 18,000.00        |
| Expanded Withholding Tax (EWT) | ₱ 2,500.00          | ₱ 900.00           |
| <b>TOTAL</b>                   | <b>₱ 132,500.00</b> | <b>₱ 47,700.00</b> |

**Can Ms. NKS validly file an application for one-time abatement for taxable year 2019 under RR No. 004-2026?**

**A19:** No. The aggregate amount of the unpaid basic taxes due for the taxable year, covering all tax types, exceeds the ₱ 80,000.00 threshold. In this case, the aggregate basic tax due amounts to ₱132,500.00 (₱ 80,000.00 for IT+ ₱ 50,000.00 for VAT+ ₱ 2,500.00 for EWT). Accordingly, Ms. NKS is not qualified to avail herself of the One-Time Abatement Program.

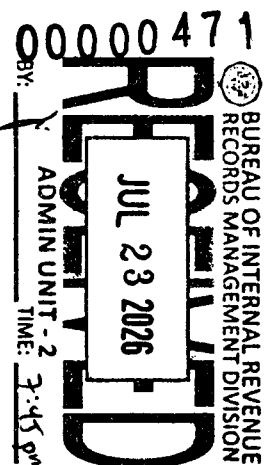
Withholding tax liabilities of a Micro Taxpayer are covered by the One-Time Abatement Program and shall be aggregated with all other unpaid basic taxes for the taxable year in applying the threshold.

**Q20: Given the same facts in Q15, can Ms. NKS file an application for one-time abatement only for her deficiency IT assessment?**

**A20:** No. All unpaid deficiency taxes for the taxable year subject of the application must be included in the application for abatement and considered in determining compliance with the threshold requirement. Failure to include all unpaid covered liabilities for the taxable year shall be a ground for the denial of the application.

**Q21: If the original basic tax is above the ₱ 80,000.00 threshold but was reduced to ₱ 80,000.00 or less, through payments made on or before December 31, 2025, may the taxpayer still qualify?**

**A21:** Yes. For purposes of determining qualification, payments made on or before December 31, 2025 shall be considered. However, partial payments shall be applied against interests, surcharges, and compromise penalties first. Any remaining amount shall then be applied against the basic tax. If the basic tax after application of partial



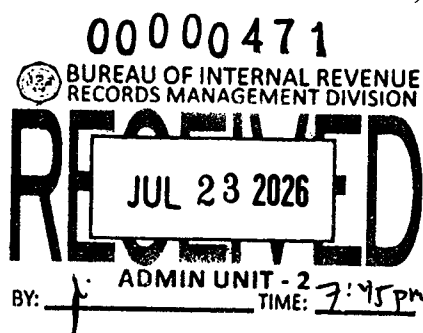
payment is ₱ 80,000.00 or less, the taxpayer is qualified for the One-Time Abatement Program.

**Illustration:**

NX Inc., a Micro Taxpayer, incurred the following tax liabilities for taxable year 2023:

|                       |                    |
|-----------------------|--------------------|
| Basic Tax:            | ₱ 120,000.00       |
| Surcharge:            | ₱ 18,000.00        |
| Interest:             | ₱ 22,000.00        |
| Compromise Penalties: | <u>₱ 10,000.00</u> |
| Total:                | ₱ 170,000.00       |

On December 31, 2025, NX Inc. made partial payment amounting to ₱ 90,000.00, which was applied as follows:



| <i>Application of Payment</i> | <i>Amount</i>     |
|-------------------------------|-------------------|
| Surcharge:                    | ₱18,000.00        |
| Interest:                     | ₱22,000.00        |
| Compromise Penalties:         | ₱10,000.00        |
| Applied to Basic Tax:         | <u>₱40,000.00</u> |
| Total Payment:                | ₱90,000.00        |

Accordingly, NX Inc.'s outstanding basic tax liability as of December 31, 2025 is as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| Original basic tax liability:       | ₱120,000.00         |
| Less: Payment Applied to basic tax: | <u>(₱40,000.00)</u> |
| Outstanding basic tax:              | ₱80,000.00          |

Since the NX Inc.'s outstanding basic tax liability as of December 31, 2025 does not exceed ₱ 80,000.00, it is qualified to avail of the One-Time Abatement Program, provided that all other requirements are satisfied.

Upon approval of the application and payment of the prescribed One-Time Abatement Fee of ₱5,000.00, the Certificate of Availment shall be issued, the basic tax amounting to ₱ 80,000.00 shall be cancelled, and the liability shall be considered settled.

**Q22: May amounts previously paid on covered cases be refunded or credited by reason of abatement?**

**A22:** No. No refund or tax credit shall arise from the availment of the One-Time Abatement Program. Amounts paid on covered cases on or before December 31, 2025 shall be applied against the liability, but shall not be refunded or be granted as tax credit.

**Illustration:**

NT Corporation, a Micro Taxpayer, incurred the following tax liabilities for taxable year 2023:

|            |                    |
|------------|--------------------|
| Basic Tax: | ₱ 60,000.00        |
| Surcharge: | ₱ 9,000.00         |
| Interest:  | <u>₱ 11,000.00</u> |
| Total:     | ₱ 80,000.00        |

On November 13, 2025, NT Corporation made partial payment amounting to ₱ 40,000.00, which was applied as follows:

| <i>Application of Payment</i> | <i>Amount</i>      |
|-------------------------------|--------------------|
| Surcharge:                    | ₱ 9,000.00         |
| Interest:                     | ₱ 11,000.00        |
| Applied to Basic Tax:         | <u>₱ 20,000.00</u> |
| Total Payment:                | ₱ 40,000.00        |

Accordingly, NT Corporation's outstanding liability as of December 31, 2025 is as follows:

|                                     |                      |
|-------------------------------------|----------------------|
| Original basic tax liability:       | ₱ 60,000.00          |
| Less: Payment Applied to basic tax: | <u>(₱ 20,000.00)</u> |
| Outstanding basic tax:              | ₱ 40,000.00          |

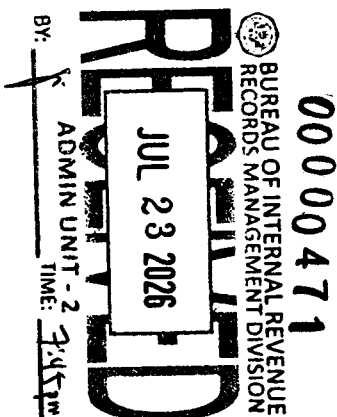
Since the NT Corporation's outstanding basic tax liability as of December 31, 2025 does not exceed ₱ 80,000.00, it is qualified to avail of the One-Time Abatement Program, provided that all other requirements are satisfied.

Although the original basic tax liability is lower than ₱ 80,000.00 and would have been covered by the One-Time Abatement Program even without the payment made on November 13, 2025, the payment may not be refunded nor treated as a tax credit.

**Q23: When may the application for abatement be denied?**

A23: An application for abatement may only be denied on any of the following grounds:

1. Taxpayer classification – The applicant is not a Micro Taxpayer as of December 31, 2025;
2. Timeliness – The application was filed after December 31, 2026, unless the availment period has been extended by the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue;
3. Out of scope – The assessed tax or penalty sought to be abated did not exist as of December 31, 2025, i.e., it arose from an obligation whose statutory due date fell after December 31, 2025;
4. Out of coverage – The tax or penalty sought to be abated does not fall within the cases covered under Section 4 of RR No. 004-2026;
5. Threshold exceeded – The aggregate amount of all applicable cases covered under Section 4 of RR No. 004-2026 exceeds ₱ 80,000.00;



6. Non-payment of abatement fee – The taxpayer failed to pay the abatement fee within five (5) working days from the filing the application for One-Time Abatement;
7. Incomplete application – The taxpayer failed to specify the tax types and basic amount due in any covered case in the application for One-Time Abatement;
8. Lack of required approval – For RATE cases and other fraud cases not yet filed in courts, the approval of the Commissioner of Internal Revenue or his duly authorized representative was not obtained;
9. Material misrepresentation – The application or its supporting documents contain material misrepresentations or falsified information. In such case, any availment already granted shall be void ab initio and the covered liabilities shall be revived, without prejudice to applicable civil and criminal liabilities.

The non-submission of proof of payment within five (5) days from the date of payment is not a ground for denial, but shall automatically void the application, without prejudice to re-filing the same within the availment period.

In case of denial or withdrawal of the application, the abatement fee shall not be refunded but shall be applied as partial payment of the taxes and/or penalties sought to be abated.

**Q24: Is an application filed on or before December 31, 2026 but processed thereafter considered timely?**

A24: Yes. Timeliness shall be determined by the date of filing, not the date of approval. Applications filed on or before December 31, 2026 shall be considered timely, even if processed or approved after the said date.

**Q25: Does the filing of an application for one-time abatement suspend the collection enforcement activities against the Micro Taxpayer?**

A25: Yes. Collection enforcement activities with respect to the taxable year covered by the application shall be suspended, starting from the filing of the application for One-Time Abatement with the complete requirements under Q&A No. 2, and while the application remains pending. Warrants and other collection enforcement measures shall not be implemented while the application remains under evaluation.

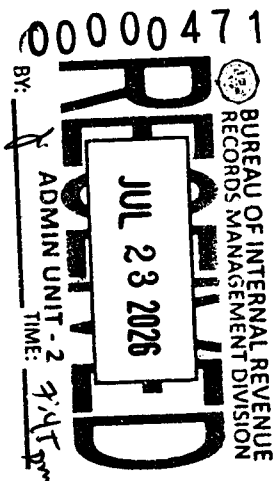
The suspension shall be lifted upon denial, avoidance, or withdrawal of the application, in which case, collection enforcement shall resume.

**Q26: What is the Certificate of Availment, and what is its significance? Is the format different for each RDO?**

A26: The Certificate of Availment is the official document, signed by the concerned Revenue District Officer or in his absence, the Assistant Revenue District Officer, bearing a control number and recorded in the RDO's registry of Certificates of Availment, evidencing the taxpayer's approved availment of the one-time abatement program under RR No. 004-2026.

The Certificate of Availment serves as proof that:

1. The taxpayer has been determined to be qualified under RR No. 004-2026;



2. The taxpayer has complied with the documentary requirements prescribed under the Regulations and implementing guidelines;
3. The prescribed one-time abatement fee of Five Thousand Pesos (₱ 5,000.00) has been paid;
4. The covered tax liabilities and/or penalties are entitled to the benefits of the one-time abatement program; and
5. The covered tax liabilities are approved for abatement.

The Certificate of Availment shall serve as the basis for the preparation and issuance of the corresponding Authority to Cancel Assessment (ATCA) and other related actions necessary to implement the abatement.

The Certificate of Availment shall be issued within five (5) working days from receipt of proof of payment of the prescribed abatement fee.

The Certificate of Availment closes only the covered cases for the taxable year identified therein. It is not a tax clearance and shall not, by itself, bar the assessment of liabilities not covered by the application within the period prescribed under Sections 203 and 222 of the Tax Code, provided that no penalties should be imposed anew for open cases or violations of the Tax Code, under RMO No. 7-2015 that were already abated.

**Q27: May the Certificate of Availment be used to support an application for closure/cancellation of business registration?**

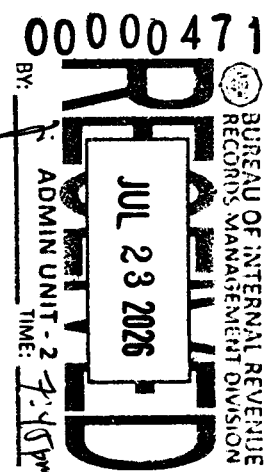
A27: Yes. The Certificate of Availment may be used to support an application for closure/cancellation of business registration. The processing of the cancellation shall not be held in abeyance by reason of cases already covered by a Certificate of Availment. However, the issuance of a Certificate of Availment shall not automatically trigger the process of closure/cancellation of business registration, even for Micro Taxpayers that no longer have business operations, without the proper application for closure/cancellation of business registration under Revenue Memorandum Circular No. 047-2026.

**Q28: Will Micro Taxpayers be audited upon filing of an application for one-time abatement?**

A28: No. The application will be evaluated based solely on the documents submitted by the Micro Taxpayer. Any verification to be conducted by the RDO using its records shall be limited to determining the taxpayer's classification, outstanding liability as of December 31, 2025, payment of the prescribed one-time abatement fee, and compliance with the requirements under RR No. 004-2026 and its implementing guidelines to determine the taxpayer's qualification for availment of the program. No field audit or new investigation shall be initiated by reason of the application. However, the filing of the application for One-Time Abatement shall neither suspend nor waive audits or assessments for taxable years or cases not covered by the application.

**Q29: May the information disclosed in the application be used for other purposes?**

A29: No. Information disclosed in the application is covered by the confidentiality provisions of Section 270 of the NIRC of 1997, as amended.



All revenue issuances or portions thereof inconsistent with this Circular are hereby amended, modified or repealed accordingly.

This Circular shall take effect immediately and shall be published on the official website of the Bureau of Internal Revenue. All concerned are hereby enjoined to be guided accordingly and to give this Circular as wide a publicity as possible.



**CHARLITO MARTIN R. MENDOZA**  
*Commissioner of Internal Revenue*

