REVENUE MEMORANDUM CIRCULAR NO. 6-2005 issued on February 14, 2005 circularizes the salient features of Supreme Court decision on waiver of the statute of limitations under the Tax Code.

The decision of the Supreme Court in the case of Philippine Journalists, Inc. vs. Commissioner of Internal Revenue, G.R. No. 162852, promulgated on December 16, 2004, stipulates the following provisions on the waiver of the statute of limitations under the Tax Code:

1. A waiver of the statute of limitations must conform strictly with the following provisions of Revenue Memorandum Order No. 20-90 in order to be valid and binding:

1.1 The waiver must specify a definite agreed date between the BIR and the taxpayer within which the former may assess and collect revenue taxes.

1.2 The waiver must be accepted by the Commissioner of Internal Revenue or his duly authorized representative, and the date of acceptance must be indicated.

1.3 The taxpayer must be furnished a copy of the waiver accepted by the BIR.

2. To a certain extent, a waiver of the statute of limitations is a derogation of the taxpayer’s right to security against prolonged and unscrupulous investigations and must therefore be carefully and strictly construed.

3. A waiver of the statute of limitations is not a waiver of the right to invoke the defense of prescription but rather an agreement between the taxpayer and the BIR that the period to issue an assessment and collect the taxes due is extended to a date certain.

4. A waiver of the statute of limitations is not a unilateral act by the taxpayer or the BIR but is a bilateral agreement between two parties.