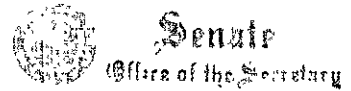
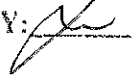


FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'11 FEB 28 A8:48

SENATE  
S.B. NO. 2719

RECEIVED BY: 

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Introduced by **Senator TEOFISTO "TG" GUINGONA III**

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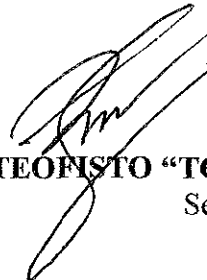
### EXPLANATORY NOTE

It is to the State's interest to enhance tax monitoring and collection; increase revenue collection; and avoid tax fraud and graft and corruption in the tax collection efforts. In order to achieve these objectives, there is a need for stringent security measures to address existing loopholes in the collection efforts specifically related to the collection of fees, penalties and other charges imposed by government agencies.

This bill seeks to require all government agencies and instrumentalities, including Government-Owned and/or Controlled Corporations and all Local Government Units to use security water-marked paper with authorized security features in all receipts, invoices, forms, permits, licenses, clearances, official papers and documents which they issue to all persons transacting business with them.

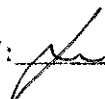
This measure of using security water-marked paper will ensure easier accounting, and verification of the validity and authenticity of forms, that will significantly minimize, if not eradicate, the use of fake receipts or other payment forms in transactions with the government.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.

  
**TEOFISTO "TG" GUINGONA III**  
Senator

'11 FEB 28 AB :48

SENATE  
S.B. NO. 2719

RECEIVED BY: 

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Introduced by Senator TEOFISTO "TG" GUINGONA III

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**AN ACT**  
**REQUIRING ALL GOVERNMENT AGENCIES, INSTRUMENTALITIES, LOCAL GOVERNMENT UNITS AND GOVERNMENT OWNED AND/OR CONTROLLED CORPORATIONS TO USE SECURITY WATER-MARKED PAPER IN THEIR RECEIPTS AND INVOICES, PERMITS, LICENSES, CLEARANCES, OFFICIAL PAPERS OR DOCUMENTS.**

*Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

1           **SEC. 1. Title.** - This Act shall be known as the "Use of Security Water-Marked Paper  
2 in all Receipts and Invoices, Permits, Licenses, Clearances, Official Papers or Documents Act  
3 of 2011."

4           **SEC. 2. Declaration of Policy.** - It is hereby the declared policy of the State to:

- 5           (a) Enhance tax monitoring and collection;  
6           (b) Increase revenue collection; and  
7           (c) Avoid tax fraud and graft and corruption in the tax collection efforts.

8           **SEC. 3. Definition of Terms.** - The following definition of terms is hereby adopted:

- 9           (a) "Receipt" shall refer to a written admission or acknowledgement of the fact of  
10           payment in money or other settlement between seller and buyer of goods, debtor  
11           and creditor, or person rendering services and client or customer printed in  
12           accordance with these regulations.

1 (b) "Sales invoice or delivery receipts" shall refer to a written account of goods or  
2 services rendered and the price charged therefore, or a list of goods consigned and  
3 the value at which the consignee is to receive them or any other list by whatever  
4 name is known which is used in the ordinary course of business evidencing sale  
5 and transfer or agreement to sell or transfer goods and service, e.g. purchase  
6 orders, delivery receipts, job orders, provisional and temporary receipts, and  
7 others.

8 (c) "Security Paper" shall refer to a security paper which is made of water-marked  
9 security paper, which bears such authorized security feature duly etched and  
10 embedded in the paper during its manufacturing process. It is especially designed  
11 for the printing of official receipts, sales invoices, permits, licenses, clearances  
12 and other official papers or documents

13 **SEC. 4. Covered Institutions / Establishments.** – All government agencies and  
14 instrumentalities, including government-owned and/or controlled corporations (GOCCs), and  
15 all Local Government Units (LGUs) shall use security water-marked paper with authorized  
16 security features in all receipts, invoices, forms, permits, licenses, clearances, official papers  
17 and documents which they issue to all natural and juridical persons transacting business with  
18 them.

19 **SEC. 5. Procedure for Printing of Security Watermarked Paper.** – The Bangko  
20 Sentral ng Pilipinas (BSP), through its Banknotes and Security Printing Department (BSPD);  
21 or the National Printing Office (NPO), in coordination with said government agencies and  
22 instrumentalities, GOCCs and LGUs, shall develop procedures such that receipts, invoices,  
23 forms, permits, licenses, clearance, and other official documents, whenever applicable and  
24 possible, shall be printed on security water-marked paper, the sizes and forms of which shall  
25 be uniform.

1           **SEC. 6. *Size and Form of Security Watermarked Paper.*** – The Department of  
2 Finance (DOF), and National Printing Office (NPO), shall prescribe and formulate within a  
3 period of two (2) months from the effectivity of this Act, the appropriate uniform size and  
4 forms of security paper to be used for all transactions of all government agencies and  
5 instrumentalities, including GOCCs and all LGUs.

6           **SEC. 7. *Covered Form.*** – All receipts, invoices, permits, licenses, clearances, and all  
7 other official documents of all government agencies, instrumentalities, GOCCs and LGUs  
8 shall, after a period of six (6) months from the effectivity of this Act, be printed in security  
9 paper made of water-marked security paper: *Provided*, that any such receipts, invoices,  
10 commercial documents, permits, licenses, clearances, and all other official documents which  
11 remain unused and unconsumed after the lapse of said six-month period may still be used;  
12 *Provided further*, that appropriate inventory thereof as confirmed and approved by the DOF  
13 is conducted; and *Provided finally*, that after six (6) months thereafter, the said unused  
14 receipts, invoices, permits, licenses, and clearances shall no longer be allowed for use in any  
15 transaction in the Philippines.

16           **SEC. 8. *Penalty.*** – Any person who fails to comply with the requirements of this Act,  
17 including the parties involved in a transaction where the use of security paper made of water-  
18 marked security paper is prescribed, as well as any government functionary involved in the  
19 monitoring of regulating these transactions, shall be subject to all the appropriate sanctions  
20 and penalties provided for in the National Internal Revenue Code and other pertinent laws,  
21 rules and regulations.

22           **SEC. 9. *Implementing Rules and Regulations (IRR).*** – The Secretary of the DOF,  
23 and the Director of the NPO, shall promulgate appropriate rules and regulations, including  
24 the identification and setting of the standards upon which the security paper shall be sourced

1 and supplied and such other details as would be necessary and appropriate for the effective  
2 implementation of this Act.

3 **SEC. 10. *Separability Clause.*** – If, for any reason, any provision of this Act is  
4 declared unconstitutional or invalid, the remainder or any provisions hereof not affected  
5 thereby shall remain in force and effect.

6 **SEC. 11. *Repealing Clause.*** – The provisions of any law, executive orders,  
7 presidential decrees or other issuances inconsistent with this Act are hereby repealed or  
8 modified accordingly.

9 **SEC. 12. *Effectivity.*** – This Act shall take effect fifteen (15) days after its complete  
10 publication in the Official Gazette or in at least two (2) newspapers of general circulation,  
11 whichever comes earlier.

Approved,