

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

'04 AUG 18 P2:53

SENATE
P. S. R. NO. _____ **51** RECEIVED BY: _____

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE SENATE COMMITTEE ON WAYS AND MEANS
TO CONDUCT AN INQUIRY IN AID OF LEGISLATION
INTO THE ALLEGED RAMPANT TAX EVASION BY COMPANIES AND
CORPORATIONS IN THE PHILIPPINES

WHEREAS, the power of the state to tax is the most effective means of raising needed revenues and funds;

WHEREAS, the power of taxation is the lifeblood of the state without which the government would not have the necessary resources to finance its activities geared toward general welfare and countrywide development;

WHEREAS, Internal Revenue Code Section 23(E) and (F) provide that:

Section 23(E). A domestic corporation is taxable on all income derived from sources within and without the Philippines;

Section 23(F). A foreign corporation, whether engaged or not in trade or business in the Philippines, is taxable only on income derived from sources within the Philippines;

WHEREAS, it is the duty of companies and corporations in the country to pay their taxes accurately and religiously;

WHEREAS, it was reported in an article on the *Manila Times* published 10 August 2004 that the Bureau of Internal Revenue filed before the Quezon City Prosecutor's Office tax evasion and perjury charges against ten (10) companies;

WHEREAS, it is estimated that these ten (10) companies alone owe the government no less than P80 Million in overdue taxes;

WHEREAS, according to BIR Commissioner Guillermo Parayno, discrepancies involving some 2,000 companies and corporations amount to over P100 billion in unpaid taxes;

WHEREAS, according to the same article on the *Manila Times*, it is alleged that the country has the lowest tax collection in the region, one of the main reasons of this being the increase in the cases of tax evasion;

WHEREAS, despite the efforts of BIR to curb the unscrupulous tax evasion schemes of these corporations and companies, many of these continue to accrue overdue taxes;

WHEREAS, in order to augment the present backlog in tax collection, it is imperative that the State issue measures to further strengthen the monitoring and punitive powers of BIR and to provide more effective means of prosecuting tax evaders;

WHEREFORE, be it resolved, as it is hereby resolved by the Senate to direct the Senate Committee on Ways and Means to conduct an inquiry in aid of legislation into the reported cases of rampant tax evasion.

Approved,


MIRIAM DEFENSOR SANTIAGO