


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



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SENATE

S. No. 920

REC'D BY: 

Introduced by Senator Ralph G. Recto

AN ACT
ENHANCING REVENUE ADMINISTRATION AND COLLECTION BY GRANTING
AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE
NATIONAL GOVERNMENT FOR TAXABLE YEAR 2015 AND PRIOR YEARS

Explanatory Note

The last comprehensive tax reform in the country was in 1997. After two decades, various sectors are now clamoring for another tax reform to make our tax system more equitable. However, the government should first consider granting a general tax amnesty program as a prelude to the adoption of a comprehensive tax reform program to give erring taxpayers an opportunity to come up with a clean slate and begin paying the correct taxes.

Aside from making our tax system more equitable, it is also the intent of adopting a comprehensive tax reform program to simplify the tax compliance requirements. The complexity of the current tax system makes it difficult for the small businessmen, entrepreneurs and other income earners to comply with the requirements of the law for the payment of taxes, thereby resulting in an inadvertent failure to file tax returns and pay the corresponding correct taxes due thereon.

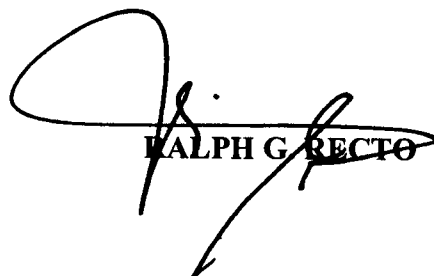
This proposed measure seeks to grant a tax amnesty program to promote and enhance revenue administration and collection. It would also encourage voluntary compliance by the taxpayers to pay the correct taxes.

Also, this bill seeks to broaden the tax base by requiring taxpayers to file their Statement of Assets, Liabilities and Networth (SALN). By declaring the networth, this will greatly contribute to the government's effort to organize taxpayers' records and information. It will promote a broader tax base that will lead to collection of higher tax revenues.

The provision for immunity from civil, criminal and administrative penalties to be granted to erring taxpayers will encourage those operating in the underground economy to legitimize their business operations.

By creating a large database of taxpayers with their corresponding personal information and SALN, this proposed measure could greatly help the government in its effort to prevent money laundering in the country.

In view of the foregoing, immediate approval of this bill is earnestly sought.


RALPH G. RECTO

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

1 **SECTION 1. Coverage.** — There is hereby authorized and granted a tax amnesty which
2 shall cover all national internal revenue taxes for the taxable year 2015 and prior years, with or
3 without assessments duly issued therefor, that have remained unpaid as of December 31, 2015:
4 *Provided, however,* That the amnesty hereby authorized and granted shall not cover persons or
5 cases enumerated under Section 8 hereof.

6 **SEC. 2. Availment of the Amnesty.** — Any person, natural or juridical, who wishes to
7 avail himself of the tax amnesty authorized and granted under this Act shall file with the Bureau
8 of Internal Revenue (BIR) a notice and Tax Amnesty Return accompanied by a Statement of
9 Assets, Liabilities and Networth (SALN) as of December 31, 2015, in such form as may be
10 prescribed in the implementing rules and regulations (IRR) of this Act, and pay the applicable
11 amnesty tax within six months from the effectivity of the IRR.

12 **SEC. 3. What to Declare in the SALN.** — The SALN shall contain a declaration of the
13 assets, liabilities and networth as of December 31, 2015, as follows:

14 1. Assets within or without the Philippines, whether real or personal, tangible or
15 intangible, whether or not used in trade or business: *Provided,* That property other than money
16 shall be valued at the cost at which the property was acquired: *Provided, further,* That foreign
17 currency assets and/or securities shall be valued at the rate of exchange prevailing as of the date
18 of the SALN;

19 2. All existing liabilities which are legitimate and enforceable, secured or unsecured,
20 whether or not incurred in trade or business; and

21 3. The networth of the taxpayer, which shall be the difference between the total assets
22 and total liabilities.

23 **SEC. 4. Presumption of Correctness of the SALN.** — The SALN as of December 31,
24 2015 shall be considered as true and correct except where the amount of declared networth is
25 understated to the extent of thirty percent (30%) or more as may be established in proceedings
26 initiated by, or at the instance of, parties other than the BIR or its agents: *Provided,* That such

1 proceedings must be initiated within one (1) year following the date of the filing of the tax
2 amnesty return and the SALN. Findings of or admission in congressional hearings, other
3 administrative agencies of government, and/or courts shall be admissible to prove a thirty percent
4 (30%) under-declaration.

5 **SEC. 5. Grant of Tax Amnesty.** — Except for the persons or cases covered in Section 8
6 hereof, any person, whether natural or juridical, may avail himself of the benefits of tax amnesty
7 under this Act, and pay the amnesty tax due thereon, based on his networth as of December 31,
8 2015 as declared in the SALN as of said period, in accordance with the following schedule of
9 amnesty tax rates and minimum amnesty tax payments required:

- 10 (a) Individuals (whether resident or
11 nonresident citizens, including resident or
12 nonresident aliens), Trusts and Estates 5% or P50,000, whichever is higher
13 (b) Corporations
14 (1) With subscribed capital of above P50 Million... 5% or P500,000, whichever is higher
15 (2) With subscribed capital of above P20 Million
16 up to P50 Million 5% or P250,000, whichever is higher
17 (3) With subscribed capital of P5 Million
18 to P20 Million 5% or P100,000, whichever is higher
19 (4) With subscribed capital of below P5 Million.... 5% or P25,000, whichever is higher
20 (c) Other juridical entities, including,
21 but not limited to, cooperatives and
22 foundations, that have become taxable
23 as of December 31, 2015 5% or P50,000, whichever is higher.

24 **SEC. 6. Immunities and Privileges.** — Those who availed themselves of the tax amnesty
25 under Section 5 hereof, and have fully complied with all its conditions shall be entitled to the
26 following immunities and privileges:

27 1. The taxpayer shall be immune from the payment of taxes, as well as additions thereto,
28 and the appurtenant civil, criminal or administrative penalties under the National Internal
29 Revenue Code of 1997, as amended, arising from the failure to pay any and all internal revenue
30 taxes for taxable year 2015 and prior years.

31 2. The taxpayer's Tax Amnesty Returns and the SALN as of December 31, 2015 shall not
32 be admissible as evidence in all proceedings that pertain to taxable year 2015 and prior years,
33 insofar as such proceedings relate to internal revenue taxes, before judicial, quasi-judicial or
34 administrative bodies in which the taxpayer is a defendant or respondent, and except for the
35 purpose of ascertaining the networth beginning January 1, 2016, the same shall not be examined,
36 inquired or looked into by any person or government office. However, the taxpayer may use this
37 as a defense, whenever appropriate, in cases brought against him.

38 3. The books of accounts and other records of the taxpayer for the years covered by the

1 tax amnesty availed of shall not be examined: *Provided*, That the Commissioner of Internal
2 Revenue may authorize in writing the examination of the said books of accounts and other
3 records to verify the validity or correctness of a claim for any tax refund, tax credit (other than
4 refund or credit of taxes withheld on wages), tax incentives, and/or exemptions under existing
5 laws.

6 All these immunities and privileges shall not apply where the person failed to file a
7 SALN and the Tax Amnesty Return, or where the amount of networth as of December 31, 2015
8 is proven to be understated to the extent of thirty percent (30%) or more, in accordance with the
9 provisions of Section 3 hereof.

10 **SEC. 7. *When and Where to File and Pay.*** — The filing of the Tax Amnesty Return and
11 the payment of the amnesty tax for those availing themselves of the tax amnesty shall be made
12 within six (6) months starting from the effectivity of the IRR. It shall be filed at the office of the
13 Revenue District Officer which has jurisdiction over the legal residence or principal place of
14 business of the filer. The Revenue District Officer shall issue an acceptance of payment form
15 authorizing an authorized agent bank, or in the absence thereof, the collection agent or municipal
16 treasurer concerned, to accept the amnesty tax payment.

17 **SEC. 8. *Exceptions.*** — The tax amnesty provided in Section 5 hereof shall not extend to
18 the following persons or cases existing as of the effectivity of this Act:

- 19 a. Withholding agents with respects to their withholding tax liabilities;
- 20 b. Those with pending cases falling under the jurisdiction of the Presidential Commission
21 on Good Government;
- 22 c. Those with pending cases involving unexplained or unlawfully acquired wealth or
23 under the Anti-Graft and Corrupt Practices Act;
- 24 d. Those with pending cases filed in court involving violation of the Anti-Money
25 Laundering Law;
- 26 e. Those with pending criminal cases for tax evasion and other criminal offenses under
27 Chapter II of Title X of the National Internal Revenue Code of 1997, as amended, and the
28 felonies of frauds, illegal exactions and transactions, and malversation of public funds and
29 property under Chapters III and IV of Title VII of the Revised Penal Code; and
- 30 f. Tax cases subject of final and executory judgment by the courts.

31 **SEC. 9. *Unlawful Divulgence of Tax Amnesty Return and Statement of Assets, Liabilities***
32 ***and Networth.*** — Except as otherwise provided herein and in Section 14 hereof, it shall be
33 unlawful for any person having knowledge of the Tax Amnesty Return and SALN filed pursuant
34 hereto, to disclose any information relative to such declaration and statement, and any violation
35 hereof shall subject the offender to the penalties under Section 10 (c) of this Act: *Provided*,
36 *however*, That the Commissioner of Internal Revenue may disclose the content of the Tax
37 Amnesty Return and the SALN upon the request of Congress pursuant to and in accordance with
38 Section 20(A) or Section 290 of the National Internal Revenue Code of 1997, as amended.

1 **SEC. 10. Penalties.** —

2 a. Any person who, having filed a statement or Tax Amnesty Return under this Act,
3 willfully understates his networth to the extent of thirty percent (30%) or more shall, upon
4 conviction, be subject to the penalties of perjury under the Revised Penal Code.

5 b. The willful failure to declare any property in the statement and/or in the Tax Amnesty
6 Return shall be deemed a *prima facie* evidence of fraud and shall constitute a ground upon which
7 attachment of such property may be issued in favor of the BIR to answer for the satisfaction of
8 any judgment that may be acquired against the declarant.

9 In addition to the penalties provided in paragraphs (a) and (b) above, immediate tax fraud
10 investigation shall be conducted to collect all taxes due, including increments, and to criminally
11 prosecute those found to have willfully evaded lawful taxes due.

12 In the case of associations, partnerships, or corporations, the penalty shall be imposed on
13 the partner, president, general manager, branch manager, treasurer, officer-in-charge and
14 employees responsible for the violation.

15 c. Any person who makes an unlawful divulgence of the Tax Amnesty Return or the
16 SALN shall be penalized by a fine of not less than Fifty thousand pesos (P50,000.00) and
17 imprisonment of not less than six (6) years but not more than ten (10) years.

18 If the offender is an officer or employee of the BIR or any government entity, the
19 offender shall likewise suffer an additional penalty of perpetual disqualification to hold public
20 office, to vote and to participate in any public election.

21 **SEC. 11. Moratorium on the Grant of Tax Amnesty.** — In order to encourage and
22 improve tax compliance by taxpayers, it is hereby declared the policy of this Congress that the
23 grant of tax amnesty, in whatever manner and form, shall not henceforth be allowed: *Provided,*
24 That this moratorium shall likewise apply to any administrative tax amnesty by the BIR.

25 **SEC. 12. Information Management Program.** — For purposes of enhancing revenue
26 administration, revenue collection and policy formulation, the Department of Finance, in
27 coordination with the BIR, Land Registration Authority, Department of Trade and Industry,
28 Securities and Exchange Commission, Land Transportation Office, and other agencies concerned
29 shall institute an Information Management Program for the effective use of information declared
30 or obtainable from the Tax Amnesty Returns and the SALNs required to be filed under this Act.

31 **SEC. 13. Disposition of Proceeds from the Tax Amnesty.** — An amount equivalent to
32 Five hundred million pesos (P500,000,000.00) of the collection from the tax amnesty herein
33 granted shall accrue to the Department of Finance and shall be used exclusively for purposes of
34 instituting a Management Information System as mandated under Section 12 of this Act.

35 **SEC. 14. Publication of List of Taxpayers and Filers.** — Following the implementation
36 of the tax amnesty authorized and granted under this Act, the provisions of Sections 71 and 270
37 of the National Internal Revenue Code of 1997, as amended, and Section 26 of Republic Act No.
38 6388, to the contrary notwithstanding, the Commissioner of Internal Revenue shall, on or before

1 May 31 following the close of each calendar year, prepare a list containing the names of all
2 taxpayers, their gross income and amount of income taxes paid for the immediately preceding
3 taxable year, and allow the publication of the same in at least two newspapers of general
4 circulation or the Bureau of Internal Revenue website.

5 **SEC. 15. *Implementing Rules and Regulations.*** — The Secretary of Finance shall, in
6 coordination with the Commissioner of Internal Revenue, promulgate and publish the necessary
7 rules and regulations within sixty (60) days from the effectivity of this Act.

8 **SEC. 16. *Effectivity.*** — This Act shall take effect fifteen (15) days after its publication in
9 the Official Gazette or in any two (2) newspapers of general circulation, whichever comes
10 earlier.

Approved,