

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




Senate
Office of the Secretary

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SENATE

S.B. No. 942

RECEIVED BY: 

Introduced by Senator **SONNY ANGARA**

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

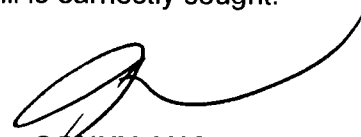
EXPLANATORY NOTE

Since 2010, a total of 492 tax evasion cases were filed under the Run After Tax Evaders (RATE) program of the Bureau of Internal Revenue (BIR). Unfortunately, most of these cases are still languishing in various stages of the legal process, and to this day, not a single tax evader has been put behind bars. In 2009, the Supreme Court affirmed the Court of Tax Appeals' decision and ordered the arrest of Gloria Kintanar, a distributor of Forever Living Products, for tax evasion due to non-filing and payment of income tax. Kintanar, however, has evaded arrest up to now and no taxes, fees or charges were ever collected from her.

The newly installed Finance Department has made it clear early on that it is committed to improve enforcement. One effective way of broadening the tax base is by offering tax amnesty for unpaid internal revenue taxes. The grant of tax amnesty would help cleanse, organize and improve BIR's database of erring taxpayers, and would foster the idea that the BIR does not use its taxing and auditing powers to extort or harass taxpayers. It would likewise provide timely respite to Filipino taxpayers, collect tax revenues instantly by offering lower rates to those who will come forward to declare untaxed wealth, and allow the tax administration to economize on the cost of prosecuting tax evasion cases. We aspire that the grant of tax amnesty will lead to broader tax base and higher collection of tax revenues.

The provision for immunity from civil, criminal or administrative penalties arising from previous non-payment of correct taxes will encourage those in the informal economy to surface. By helping legitimize these underground businesses, the government can collect more income and other forms of taxes. Moreover, the tax amnesty will encourage businesses to pour in more investments in the country, and attract overseas capital to enter the domestic economy to further boost Philippine economic growth.

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



SONNY ANGARA

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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 shall
2 cover all internal revenue taxes for the taxable year 2015 and prior years, with or without
3 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
7 **SEC. 2. Availment of the Amnesty.** Any person, natural or juridical, who wishes to avail
8 himself of the tax amnesty authorized and granted under this Act shall file with the Bureau of
9 Internal Revenue (BIR) a notice and Tax Amnesty Return accompanied by a Statement of
10 Assets, Liabilities and Networth (SALN) as of December 31, 2015, in such form as may be
11 prescribed in the implementing rules and regulations (IRR) of this Act, and pay the applicable
12 amnesty tax within one (1) year from the effectivity of the IRR: Provided, That a ten percent
13 (10%) discount is to be granted if the taxpayer will pay the applicable amnesty tax in full within
14 the first three (3) months from the effectivity of the IRR.

15
16 **SEC. 3. What to Declare in the SALN.** The SALN shall contain a declaration of the assets,
17 liabilities and networth as of December 31, 2015, as follows:

- 18
19 a) Assets within or without the Philippines, whether real or personal, tangible or
20 intangible, whether or not used in trade or business: Provided, That property other
21 than money shall be valued at the cost at which the property was acquired: Provided,
22 further, That foreign currency assets and/or securities shall be valued at the rate of
23 exchange prevailing as of the date of the SALN;

1 b) All existing liabilities which are legitimate and enforceable, secured or unsecured,
2 whether or not incurred in trade or business; and

3
4 c) The networth of the taxpayer, which shall be the difference between the total assets
5 and total liabilities.

6
7 **SEC. 4. Presumption of Correctness of the SALN.** The SALN as of December 31, 2015 shall
8 be considered as true and correct except where the amount of declared networth is understated
9 to the extent of thirty percent (30%) or more as may be established in proceedings initiated by,
10 or at the instance of, parties other than the BIR or its agents: *Provided*, That such proceedings
11 must be initiated within one year following the date of the filing of the tax amnesty return and the
12 SALN. Findings of or admission in congressional hearings, other administrative agencies of
13 government, and/or courts shall be admissible to prove a thirty percent (30%) under-declaration.
14

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

- 20
21 (a) Individuals (whether resident or nonresident
22 citizens, including resident or nonresident
23 aliens), Trusts and Estates -----5% or P50,000, whichever is higher
24
- 25 (b) Corporations
- 26
- 27 (1) With subscribed capital
28 of above P50 Million -----5% or P500,000, whichever is higher
- 29 (2) With subscribed capital
30 of above P20 Million up
31 to P50 Million -----5% or P250,000, whichever is higher
32
- 33 (3) With subscribed capital
34 of P5 Million to P20 Million -----5% or P100,000, whichever is higher
35
- 36 (4) With subscribed capital
37 of below P5 Million -----5% or P25,000, whichever is higher
38
- 39 (c) Other juridical entities, including,
40 but not limited to, cooperatives
41 and foundations, that have become
42 taxable as of December 31, 2015 -----5% or P50,000, whichever is higher

1 (d) Taxpayers who filed their balance sheet/SALN, together with their income tax returns for
2 2015, and who desire to avail of the tax amnesty under this Act shall amend such
3 previously filed statements by including still undeclared assets and/or liabilities and pay an
4 amnesty tax equal to five percent (5%) based on the resulting increase in networth:
5 Provided, That such taxpayers shall likewise be categorized in accordance with, and
6 subjected to the minimum amounts of amnesty tax prescribed under the provisions of this
7 Section.

8
9 (e) Taxpayers with pending collection cases for tax evasion under Chapter II of Title X of the
10 National Internal Revenue Code of 1997, as amended, who wishes to avail of the tax
11 amnesty provided under this Act shall pay an amnesty tax equal to 10 percent (10%) based
12 on his networth as of December 31, 2015 as declared in the SALN as of said period.
13

14 **SEC. 6. Immunities and Privileges.** Those who availed themselves of the tax amnesty under
15 Section 5 hereof, and have fully complied with all its conditions shall be entitled to the following
16 immunities and privileges:
17

18 (a) The taxpayer shall be immune from the payment of taxes, as well as additions thereto,
19 and the appurtenant civil, criminal or administrative penalties under the National Internal
20 Revenue Code of 1997, as amended, arising from the failure to pay any and all internal
21 revenue taxes for taxable year 2015 and prior years.
22

23 (b) The taxpayer's Tax Amnesty Return and the SALN as of December 31, 2015 shall not
24 be admissible as evidence in all proceedings that pertain to taxable year 2015 and prior
25 years, insofar as such proceedings relate to internal revenue taxes, before judicial,
26 quasi-judicial or administrative bodies in which he is a defendant or respondent, and
27 except for the purpose of ascertaining the networth beginning January 1, 2016, the same
28 shall not be examined, inquired or looked into by any person or government office.
29 However, the taxpayer may use this as a defense, whenever appropriate, in cases
30 brought against him.
31

32 (c) The books of accounts and other records of the taxpayer for the years covered by the
33 tax amnesty availed of shall not be examined or subject of an audit: Provided, That the
34 Commissioner of Internal Revenue may authorize in writing the examination of the said
35 books of accounts and other records to verify the validity or correctness of a claim for
36 any tax refund, tax credit (other than refund or credit of taxes withheld on wages), tax
37 incentives, and/or exemptions under existing laws.
38

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

1 **SEC. 7. *When and Where to File and Pay.*** The filing of the Tax Amnesty Return and the
2 payment of the amnesty tax for those availing themselves of the tax amnesty shall be made
3 within one (1) year starting from the effectivity of the IRR. It shall be filed at the office of the
4 Revenue District Officer which has jurisdiction over the legal residence or principal place of
5 business of the filer. The Revenue District Officer shall issue an acceptance of payment form
6 authorizing an authorized agent bank, or in the absence thereof, the collection agent or
7 municipal treasurer concerned, to accept the amnesty tax payment.

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

11
12 (a) Withholding agents with respect to their withholding tax liabilities;

13
14 (b) Those with pending cases falling under the jurisdiction of the Presidential
15 Commission on Good Government;

16
17 (c) Those with pending cases involving unexplained or unlawfully acquired wealth or
18 under the Anti-Graft and Corrupt Practices Act;

19
20 (d) Those with pending cases filed in court involving violation of the Anti-Money
21 Laundering Law;

22
23 (e) Those with pending criminal cases for tax evasion and other criminal offenses under
24 Chapter II of Title X of the National Internal Revenue Code of 1997, as amended,
25 and the felonies involving frauds, illegal exactions and transactions, and
26 malversation of public funds and property under Chapters III and IV of Title VII of the
27 Revised Penal Code; and

28
29 (f) Tax cases subject of final and executory judgment by the courts.
30

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

39
40 **SEC. 10. *Penalties.*** (a) Any person who, having filed a statement or Tax Amnesty Return under
41 this Act, willfully understates his networth to the extent of thirty percent (30%) or more shall,
42 upon conviction, be subject to the penalties of perjury under the Revised Penal Code.

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

5
6 In addition to the penalties provided in paragraphs (a) and (b) above, immediate tax
7 fraud investigation shall be conducted to collect all taxes due, including increments, and to
8 criminally prosecute those found to have willfully evaded lawful taxes due.

9
10 In the case of associations, partnerships, or corporations, the penalty shall be imposed
11 on the partner, president, general manager, branch manager, treasurer, officer-in-charge and
12 employees responsible for the violation.

13
14 (c) Any person who makes an unlawful divulgence of the Tax Amnesty Return or the SALN shall
15 be penalized by a fine of not less than Fifty thousand pesos (P50,000.00) and imprisonment of
16 not less than six years but not more than ten (10) years.

17
18 If the offender is an officer or employee of the BIR or any government entity, he/she shall
19 likewise suffer an additional penalty of perpetual disqualification to hold public office and to run
20 in any public election.

21
22 **SEC. 11. *Implementing Rules and Regulations.*** The Secretary of Finance shall, in
23 coordination with the Commissioner of Internal Revenue, promulgate and publish the necessary
24 rules and regulations within sixty (60) days from the effectivity of this Act.

25
26 **SEC. 12. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in the
27 Official Gazette or in any two (2) newspapers of general circulation, whichever comes earlier.

28
29 Approved,