

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

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SENATE

S. No. 1634

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Whenever tax data or statistics are required from the Bureau of Internal Revenue, any of its officer or employee can readily invoke Sections 270 and 278 of National Internal Revenue Code (quoted in full text below) as pretext for withholding information.

Sec. 270 Unlawful Divulgence of Trade Secrets. Except as provided in Section 71 of this Code and Section 26 of Republic Act No 6388, any officer or employee of the Bureau of Internal Revenue who divulges to any person or makes known in any other manner than may be provided by law information regarding the business, income, or estate of any taxpayer, the secrets, operation, style or work, or apparatus of any manufacturer or producer, or confidential information regarding the business of any taxpayer, knowledge of which was acquired by him in the discharge of his official duties, shall, upon conviction for each act or omission, be punished by a fine of not less than Fifty thousand pesos (P50,000) but not more than One hundred thousand pesos (P100,000), or suffer imprisonment of not less than two (2) years but not more than five (5) years, or both.

Sec 278 Procuring Unlawful Divulgence of Trade Secrets Any person who causes or procures an officer or employee of the Bureau of Internal Revenue to divulge any confidential information regarding the business, income or inheritance of any taxpayer, knowledge of which was acquired by him in the discharge of his official duties, and which it is unlawful for him to reveal, and any person who publishes or prints in any manner whatever, not provided by law, any income, profit, loss or expenditure appearing in any income tax return, shall be punished by a fine of not less than six (6) months nor more than five (5) years, or both

This inability of the Bureau of Internal Revenue to provide information of tax payments of individuals and corporations has been a hindrance to policy formulation in many instances. This bill therefore seeks to remove the legal impediment in ensuring transparency in the operations of the Bureau of Internal Revenue.

The confidentiality provision only protects the rich, reinforces graft and corruption in the Bureau and perpetuates dishonesty in tax declaration/tax payment. Thus, it is necessary for Congress to repeal the above-mentioned legal constraints.

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



SERGIO OSMEÑA III
Senator

ABE/rlm

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AN ACT
INSTITUTING FULL TRANSPARENCY IN TAX COLLECTION, AMENDING
FOR THE PURPOSE SECTIONS 71, 270 AND 278 OF THE TAX REFORM
ACT OF 1997, AS AMENDED

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

1 Section 1. Section 71 of the Tax Reform Act of 1997 is hereby amended to
2 read as follows:

3 "SECTION 71. Disposition of Income Tax Returns,
4 Publication of Lists of Taxpayers and Filers. — After the
5 assessment shall have been made, as provided in this Title, the
6 returns, together with any corrections thereof which may have been
7 made by the Commissioner, shall be filed in the Office of the
8 Commissioner and shall constitute public records [and be open to
9 inspection as such upon the order of the President of the
10 Philippines, under rules and regulations to be prescribed by the
11 Secretary of Finance, upon recommendation of the Commissioner.]

12 "The Commissioner [may] SHALL, [in each] ON OR
13 BEFORE MAY 31 FOLLOWING THE CLOSE OF EACH
14 CALENDAR year, [cause to be prepared and published in any
15 newspaper] PREPARE AND ORDER THE PUBLICATION BY ANY
16 PUBLISHING COMPANY AND/OR MAGAZINE OF GENERAL

1 CIRCULATION the lists containing the names [and] addresses,
2 TYPE OF BUSINESS WHETHER CORPORATION,
3 PARTNERSHIP OR SOLE PROPRIETORSHIP, GROSS
4 SALES/RECEIPTS DURING THE YEAR, AND THE AMOUNT OF
5 INCOME TAXES PAID BY [of] persons who have filed THEIR
6 income tax returns WITH THE BUREAU DURING THE YEAR.

7 Sec. 2. Section 271 of the same Act is hereby amended to read as
8 follows:

9 "SECTION 270. Unlawful Divulgence of Trade Secrets. —
10 [Except as provided in Section 71 of this Code and Section 26 of
11 Republic Act No. 6388,] [a]Any officer or employee of the Bureau of
12 Internal Revenue who divulges to any person or makes known in
13 any other manner than may be provided by law information
14 regarding [the business, income, or estate of any taxpayer,] the
15 secrets, operation, style or work, or apparatus of any manufacturer
16 or producer, or confidential information [regarding] ABOUT the
17 business of any taxpayer, knowledge of which was acquired by him
18 in the discharge of his official duties, shall, upon conviction for each
19 act or omission, be punished by a fine of not less than Fifty
20 thousand pesos (P50,000) but not more than One hundred
21 thousand pesos (P100,000), or suffer imprisonment of not less than
22 two (2) years but not more than five (5) years, or both.

23 Sec. 3. Section 278 of the same Act is hereby amended to read as
24 follows:

25 "SECTION 278. Procuring Unlawful Divulgence of Trade
26 Secrets. — Any person who causes or procures an officer or
27 employee of the Bureau of Internal Revenue to divulge any
28 confidential information regarding the business [, income or

1 inheritance] of any taxpayer, knowledge of which was acquired by
2 him in the discharge of his official duties, and which it is unlawful for
3 him to reveal, and any person who publishes or prints in any
4 manner [whatever], not provided by law, any [income, profit, loss or
5 expenditure appearing in any income tax return] CONFIDENTIAL
6 INFORMATION REGARDING THE BUSINESS OF ANY
7 TAXPAYER, shall be punished by a fine of not more than two
8 thousand pesos (P2,000), or suffer imprisonment of not less than
9 six (6) months nor more than five (5) years, or both.

10 Sec. 4. The Secretary of Finance shall, upon the recommendation of the
11 Commissioner of Internal Revenue, issue the necessary rules and regulations for
12 the effective implementation of this Act.

13 Sec. 5. *Effectivity.* – This Act shall take effect fifteen (15) days following its
14 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,