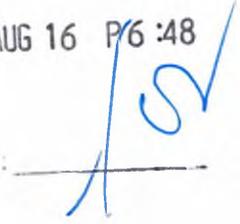


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

22 AUG 16 P 6:48

RECEIVED BY: 

SENATE

S. No. 1199

Introduced by SEN. WIN GATCHALIAN

**AN ACT ORDAINING A
BILL OF RIGHTS AND OBLIGATIONS OF THE TAXPAYER**

EXPLANATORY NOTE

The taxation laws of the Philippines have been strengthened over the years. In fact, the enactment of Republic Act (RA) No. 11534, or the "*Corporate Recovery and Tax Incentives for Enterprises (CREATE)*" is a testament of the government's firm resolve of pushing forward its economic reforms, which would mean more investments and an increase of revenues through taxation.

In the collection of taxes, the government has the immense power and resources to pursue taxpayers, and in a number of cases, to their undue prejudice. This leaves no choice for the affected taxpayers but to hire lawyers and certified public accountants, which are relatively costly, in order to ensure that their rights are protected.

RA No. 6713, or the "*Code of Conduct and Ethical Standards for Public Officials and Employees*", provides for, among others, specific rules of actions and behavior of government employees, however it does not stop the deluge of reports of alleged abuses or harassment of some officers and employees of the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC). Hence, legislating the Taxpayer Bill of Rights and Obligations (TBORO) would be a major leap in trying to address this systemic problem as the measure's objective is primarily to protect taxpayers against threats on their rights,

particularly those emanating from the undue discretions of tax authorities, and encourage them to pay taxes within the prescribed period of time.

In the April 2022 report of the Revenue Integrity Protection Service (RIPS) of the Department of Finance (DOF), 55% of the 468 employees investigated from the period July 2016 to February 2022 were from the BOC while 38% were from the BIR. This led to the dismissal of 16 employees from the service, on top of the 10 who were found guilty in criminal cases, 35 were suspended, 9 were reprimanded and 7 were ordered to pay fines as penalties for the charges for which they were held liable. Furthermore, on 11 July 2022, the BOC reported that three of its personnel were dismissed, 27 were relieved, 1 was reprimanded, and 7 were suspended for having found to have engaged in "irregular activities". Their investigations further led to 249 employees being reshuffled to other offices and ports from January to June 2022.

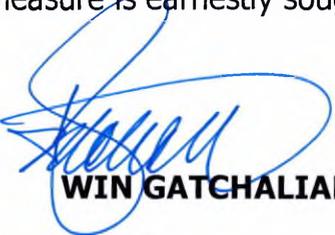
Taking into consideration the guidelines set by the Organisation for Economic Co-operation and Development (OECD) and international standards and practices, this measure proposes the TBORO, which contains fundamental information aimed to help taxpayers know their basic rights and obligations without having to consult the Tax Code and several tax laws that are complicated to understand. These rights, summarized in a concise and clearer manner and with some supplementing the rights and remedies of taxpayers as provided for in R.A. 8424, or the "*National Internal Revenue Code (NIRC)*"; R.A. 10863, or the "*Customs Modernization and Tariff Act (CMTA)*"; R.A. 1125, as amended or "*An Act Creating The Court Of Tax Appeals*", and all other laws, rules and regulations, issuances and circulars in support thereof, are not new as they are already enshrined in the 1987 Constitution and/or provided for by law.

Furthermore, this measure proposes the creation of the Office of a National Taxpayer Advocate that would take the cudgel in ensuring that not only these rights are safeguarded but would also serve as the champion of every taxpayer, especially those who are either ignored or taken advantage of. This measure also provides remedies to taxpayer's concerns, and promotes accessibility to the taxpayer's rights and obligations, especially to MSMEs. It also proposes the establishment of a micro- and small- taxpayer

clinic program to be developed by the Department of Finance to ensure the fairness and integrity of the tax system for micro- and small- taxpayers having a tax dispute with any revenue authority.

With this legislation, we hope that the taxpayer's experience in dealing with revenue authorities will be easier and better so as to elicit greater taxpayer's trust and confidence in the government, thereby, improving their willingness to comply with their tax obligations, and consequently, increase government revenue collections.

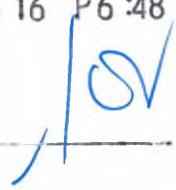
In view of the foregoing, urgent approval of this measure is earnestly sought.



WIN GATCHALIAN

NINETEENTH CONGRESS OF THE)
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SENATE

S. B. No. 1199

Introduced by SEN. WIN GATCHALIAN

**AN ACT ORDAINING THE
BILL OF RIGHTS AND OBLIGATIONS OF THE TAXPAYER**

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

1 **SECTION 1. Title.** — This Act shall be known as "The Taxpayer's Bill of Rights
2 and Obligations Act".

3

4 **SEC. 2. Declaration of Policy.** — It is hereby declared the policy of the State
5 to provide increased protection of the taxpayer's rights in complying with the National
6 Internal Revenue Code of 1997, as amended, the Customs Modernization and Tariff
7 Act, and all other pertinent rules and regulations, to the end that abuses committed
8 against taxpayers are mitigated, if not completely avoided, and taxes are collected
9 responsibly, with due regard for taxpayer's rights. In turn, the taxpayer is expected
10 to faithfully comply with the basic tax obligations to the government.

11

12 **SEC. 3. Taxpayer's Bill of Rights and Obligations.** — In addition to the
13 rights and remedies of the taxpayer as provided for in the National Internal Revenue
14 Code (NIRC) of 1997, as amended; Customs Modernization and Tariff Act (CMTA), as
15 amended; Republic Act (RA) No. 1125, as amended, creating the Court of Tax Appeals

1 (CTA); and all other laws, rules and regulations, issuances and circulars in support
2 thereof, the taxpayer is hereto granted the following:

- 3 a) taxpayer's basic rights,
- 4 b) taxpayer's rights in civil cases, and
- 5 c) taxpayer's rights in criminal cases,

6 whether at the administrative level or at the judicial level, concerning tax
7 assessments, collection and refund, and prosecution for criminal cases.

8 On the other hand, the taxpayer is expected to observe and comply with basic
9 tax obligations enumerated in this Act as well as in other relevant laws, rules and
10 regulations that are implemented by the Department of Finance (DOF), Bureau of
11 Internal Revenue (BIR) and the Bureau of Customs (BOC), which are singly or
12 collectively referred herein as "revenue authority" or "revenue authorities," as may be
13 applicable. For purposes of this Act, revenue officers, employees, and agents shall
14 refer to the officers, employees, and agents of these revenue authorities.

15
16 **SEC. 4. Taxpayer's Basic Rights.** — The following are the taxpayer's basic
17 rights:

- 18 a) *Right to obtain complete, clear, and accurate information, to receive*
19 *simplified and non-technical statements, and to be assisted in complying*
20 *with tax obligations.* – The taxpayer is entitled to know in a simplified
21 manner how one can comply with laws, rules and regulations implemented
22 by revenue authorities. The taxpayer is entitled to clear, complete,
23 accurate, and simplified explanation of these laws, rules, regulations, and
24 procedures, as well as be apprised of the rights and obligations as a
25 taxpayer in all tax forms, publications, notices, correspondences,
26 assessments, rulings and decisions.

27 Thus, all revenue officers, employees and agents shall judiciously provide
28 all taxpayers with clear, adequate and non-technical written explanations
29 on the findings, assessments, reason for audit selection, rulings, decisions,
30 and the procedures, remedies, and rights available during audit, appeals
31 and collection proceedings. The written explanation shall include a
32 narrative description that explains the basis of audit changes, proposed

1 assessments, assessments and denials of refunds; identifies any amount
2 of tax, interest, or penalty due, including details of how the amount was
3 calculated; and states the consequences of the taxpayer's failure to comply
4 with the notice.

5 The taxpayer shall also have the right to participate in taxpayer dialogues
6 and information or education campaigns of revenue authorities to elicit
7 awareness and consciousness among taxpayers of rights and obligations
8 and to help them faithfully comply with the revenue laws, rules and
9 regulations;

10 b) *Right to be clearly and timely informed of any law, rules, regulations,*
11 *decisions, pending assessment, investigation and other cases filed against*
12 *the taxpayer.* – The taxpayer shall have the right to be completely, clearly
13 and timely informed of any pending assessment, rulings and decisions of
14 revenues authorities about their tax account; any investigation for criminal
15 tax cases; any collection or any other cases filed against or in favor of the
16 taxpayer, including requests for third-party information involving the
17 taxpayer.

18 Thus, revenue authorities shall clearly and timely explain within the
19 prescribed period to the taxpayer the tax outcomes and consequences of
20 any law, rules, regulations, decisions, pending assessment, investigation,
21 request for third-party information and other cases filed against or in favor
22 of the taxpayer. Revenue authorities shall issue prior notice and conduct
23 at least one public hearing or consultation before revenue regulations
24 become valid and enforceable. Whenever necessary, revenue authorities
25 are also mandated to issue and publish, within a prescribed period, revenue
26 memorandum circulars providing guidelines on the implementation of new
27 supreme court decisions affecting the taxpayer;

28 c) *Right to professional and quality service and assistance.* – The taxpayer
29 shall have the right to be treated professionally, courteously, fairly and
30 reasonably in all transactions with revenue authorities. Thus, all revenue
31 officers, employees and agents shall provide prompt, courteous and
32 professional assistance in all dealings with the taxpayer, including giving

1 available information and prompt, and accurate responses to questions and
2 requests for tax assistance. Revenue authorities shall issue guidelines
3 setting standards for service delivery to be followed by all revenue officers,
4 employees, and agents. Standards for service delivery shall include the
5 results of a feedback mechanism on the services received by taxpayers,
6 which shall be published in the website of revenue authorities.

7 Regular training on technical skills development, proper ethics and
8 decorum, accountability and good governance shall be undertaken by all
9 revenue officers, employees and agents. Revenue authorities shall also
10 formulate, develop, publish and implement regular monitoring and
11 evaluation of compliance with the standards for service delivery in a
12 periodic manner, such as handling of customer relations and accountability,
13 as well as evaluation of a variety of performance goals and job criteria of
14 all revenue officers, employees and agents.

15 d) *Right to consistent application of laws, rules and regulations; due process;*
16 *prompt and objective disposition of cases.* – The taxpayer shall have the
17 right to the consistent application of laws, rules, regulations and other
18 issuances of revenue authorities regarding assessments, refunds or any
19 other proceedings including requests for advisory rulings, clearances,
20 termination letters and lifting of seizure, garnishment and forfeiture orders.
21 The taxpayer shall have the right to challenge and raise objections
22 regarding the findings, assessments, rulings or decisions, whether it be
23 against the taxpayer or against the officials and staff of the revenue
24 authorities and other government agencies including government-owned
25 and -controlled corporations (GOCCs), government financial institutions
26 (GFIs), and local government units (LGUs) tasked with the enforcement of
27 revenue or banking and financial laws, whether of local or national
28 application. The taxpayer shall have a right to provide additional
29 documentation in response to the actions taken by the proper authorities.
30 In so doing, all proper authorities, revenue officers, employees and agents
31 shall consider such objections, and promptly and impartially act and resolve
32 these cases;

- 1 e) *Right to privacy.* – The taxpayer shall have the right to privacy of
2 communication and correspondence, as guaranteed by the Constitution,
3 and the right to have any case or proceeding, including those involving
4 third-party information requests against or involving the taxpayer, to be
5 devoid of publicity, whether through radio, television, newspaper or any
6 alternative media, while said case or proceeding is pending. Thus, revenue
7 authorities shall respect the privacy of the taxpayer by following due
8 process of law at all times, and not being more intrusive than necessary in
9 any inquiry, examination or enforcement action, especially in the recording
10 of interviews during tax determination or collection processes conducted
11 by revenue authorities;
- 12 f) *Right to be assisted by the National Taxpayer Advocate.* – The taxpayer
13 shall have the right to seek assistance, upon application, from the National
14 Taxpayer Advocate, which shall be responsible for facilitating the resolution
15 of taxpayer complaints and problems not resolved through the normal
16 administrative channels within revenue authorities, including any taxpayer
17 complaints regarding unsatisfactory treatment by revenue officers,
18 employees and agents. The assigned Taxpayer Advocate may issue a stay
19 order to suspend the execution of any order or decision of the
20 Commissioner of Internal Revenue or Commissioner of Customs or his duly
21 authorized representative if a taxpayer has suffered or is about to suffer
22 irreparable loss as a result of an unjust action by the revenue authorities,
23 without prejudice to other remedies available in this Act and existing laws.
24 Revenue authorities, officers, employees, and agents who will not comply
25 with the stay order issued by the assigned Taxpayer Advocate shall be
26 liable for contempt;
- 27 g) *Right to confidentiality.* – The taxpayer shall have the right to expect that
28 any information they provide to revenue authorities will not be disclosed
29 and will be kept confidential, unless disclosure is authorized by law or by
30 the taxpayer. Thus, revenue authorities shall take appropriate actions
31 against their officers, their employees, agents of taxpayers and others who
32 wrongfully use or disclose the taxpayer’s return information;

- 1 h) *Right to timely and expeditious completion of tax audits.* – The taxpayer
2 is entitled to have revenue authorities begin and complete tax audits in a
3 timely and expeditious manner after notification of the intent to audit
4 through a letter of authority. Thus, revenue authorities, their officers,
5 employees and agents shall conduct the tax audit at a reasonable time and
6 place, except in criminal and internal investigations. They shall complete
7 the tax audit and investigation of the taxpayer, including inspection of the
8 tax records and interview of the taxpayer or its authorized representatives,
9 within one hundred eighty (180) calendar days from the taxpayer’s receipt
10 of a letter of authority or notice;
- 11 i) Unless otherwise provided by law, a single audit team of revenue officers,
12 employees and agents coming from the same office shall conduct the
13 complete audit of the books and records of the taxpayer once a year. The
14 audit team shall not commence an audit covering more than two (2)
15 consecutive taxable years against the same taxpayer, unless proven that
16 fraud has been committed by the taxpayer. Similarly, revenue authorities,
17 their officer, employees, and agents are prohibited from conducting
18 simultaneous audit of the books and records of the same taxpayer involving
19 several taxable years, unless the right is waived. Interest arising from
20 deficiency tax based on a particular tax audit shall not accrue beyond five
21 (5) years;
- 22 j) *Right to request for installment payment of tax liabilities under certain*
23 *circumstances.* – The taxpayer shall have the right to request for
24 installment payment of tax liabilities under any compromise settlement or
25 any assessed tax liabilities pursuant to Taxpayer Assistance Order under
26 Section 9 of this Act. Thus, revenue authorities shall consider the facts and
27 circumstances that might affect the taxpayer’s underlying liabilities and
28 ability to pay in granting requests for installment payment of tax liabilities;
- 29 k) *Right to recover attorney’s fees and litigation costs for tax assessments*
30 *under certain circumstances.* – The taxpayer shall have the right to recover
31 attorney's fees and litigation costs for (i) tax assessments made without
32 substantial justification, and (ii) for claims for tax refunds which are not

1 acted upon for an unreasonable length of time at the administrative level,
2 or denied at the administrative level but subsequently allowed by the CTA
3 if it appears that such denial was unjustified. The award of attorney's fees
4 and costs of litigation shall be included in the order upholding the
5 taxpayer's claim;

6 l) *Right to relief from paying interests and penalties of their tax liabilities due*
7 *to extraordinary circumstances.* – The taxpayer shall be provided a relief
8 from paying interests and penalties on their tax liabilities in case of any
9 unjustifiable error or delay caused by the tax authorities or their agents,
10 including ministerial acts such as loss of records, personnel transfers,
11 extended illness or leaves of absence, and personnel training. Thus,
12 revenue authorities shall abate interests and penalties on tax liabilities or
13 obligations of taxpayers upon whom unjustifiable error or delay has been
14 caused by any revenue officer, employee or agent; and

15 m) *Right to be represented or assisted by a competent and independent*
16 *counsel or a qualified representative.* – The taxpayer shall have the right
17 to be assisted or represented by a competent and independent counsel,
18 especially in criminal proceedings, preferably of his own choice, or by a
19 qualified representative at any time in administrative interactions with the
20 revenue authorities. If the person cannot afford the services of a private
21 counsel, a counsel from the office of the National Taxpayer Advocate shall
22 be provided to the taxpayer upon request.

23
24 **SEC. 5. Taxpayer's Rights in Civil Tax Cases.** — The following are the
25 taxpayer's rights in civil tax cases:

26 a) *Right to be given an opportunity for amicable settlement in civil tax cases.*
27 – The taxpayer shall have the opportunity to amicably settle a civil tax case
28 filed against him, as the case may warrant. Applications for a compromise
29 settlement, where the taxpayer has paid the minimum amount required by
30 law, should be deemed automatically granted if not disapproved by the
31 revenue authority in writing within one hundred eighty (180) calendar days
32 from payment: *Provided,* That in every stage of the proceeding, whether in

1 the administrative or judicial level, the parties shall always be given the
2 chance to exhaust all and every remedy available for the speedy settlement
3 of the case: *Provided*, however, That nothing in this Act shall deprive the
4 court of competent jurisdiction of its judicial prerogatives;

5 b) *Rights of a person subject of a summary collection action by revenue*
6 *authorities.* – The taxpayer shall have the right to be informed of impending
7 institution by revenue authorities of a summary collection action which
8 requires sale or seizure of property or freezing of assets, except jeopardy
9 assessments. The taxpayer shall have at least thirty (30) calendar days from
10 notice of institution of the collection action within which to pay the
11 delinquent account or seek further review. Revenue authorities shall be
12 prohibited from instituting summary collection actions while the deficiency
13 tax assessment is under dispute;

14 c) *Right to suspension of other collection actions under certain circumstances.*
15 – The taxpayer shall have the right to have all other collection actions
16 attempted before a jeopardy assessment suspended, unless delay will
17 endanger collection. After a jeopardy assessment, the taxpayer shall have
18 the right to have an immediate review of the jeopardy assessment. As used
19 herein, jeopardy assessment is a tax assessment made by an authorized
20 revenue officer (RO) without the benefit of a complete or partial audit,
21 considering the RO's judgment that the assessment and collection of a
22 deficiency tax will be jeopardized by delay caused by the taxpayer's failure
23 to: (1) comply with audit and investigation requirements to present his
24 books of accounts and/or pertinent records; or (2) substantiate all or any
25 of the deductions, exemptions or credits claimed in his return;

26 d) *Right to seek review of decisions adverse to the taxpayer and to seek*
27 *administrative stay enforcement action.* – The taxpayer shall have the right
28 to seek review, through formal or informal proceedings, of any adverse
29 decisions relating to determinations in the audit or collection processes. The
30 taxpayer shall have the right to seek a reasonable administrative stay
31 enforcement action from the Office of the National Tax Advocate
32 simultaneous with other administrative remedies available under the law;

1 e) *Right to be informed of procedures for conditional termination of tax*
2 *obligations.* – Revenue authorities shall inform the taxpayer of the
3 procedures for conditional termination of tax obligations through
4 installment payment agreements that recognize both the taxpayer's
5 financial condition and the best interests of the state: *Provided,* that the
6 taxpayer gives accurate and current information and meets all other tax
7 obligations on schedule;

8 f) *Right to be informed of procedures for requesting cancellation, release or*
9 *modification of liens.* – Revenue authorities shall inform the taxpayer of the
10 procedures for requesting cancellation, release, or modification of liens filed
11 by the revenue authorities and for requesting that any lien which is filed in
12 error be annotated on the lien cancellation filed by the revenue authority,
13 with public notice to any credit agency at the taxpayer's request;

14 g) *Right to recover all costs of administrative or judicial actions under certain*
15 *circumstances.* – The taxpayer shall have the right to recover all costs of
16 the administrative or judicial action filed against him, including reasonable
17 attorney's fees, when the action is brought or maintained without the
18 support of justifiable issues of fact or law; and

19 h) *Right to relief from interest due to errors or delays caused by revenue*
20 *authorities.* – The taxpayer is entitled to a relief or waiver by revenue
21 authorities of interest that accrues as the result of errors or delays caused
22 by a revenue officer, employee or agent. The total interest that shall be
23 assessed and collected on any unpaid amount of tax as provided under
24 Section 249 of the National Internal Revenue Code, as amended, shall in
25 no case exceed sixty (60) months.

26
27 **SEC. 6. Taxpayer's Rights in Criminal Tax Cases.** — The following are the
28 taxpayer's rights in criminal tax cases:

29 a) *Right to be informed of criminal charges arising from tax liabilities.* - The
30 taxpayer shall have the right to be knowledgeably and intelligently informed
31 of the criminal charges against him as contained in any properly and timely
32 prepared audit report, assessment notice, correspondence, document,

1 letter and the like, as implemented by rules and regulations, as the case
2 may be, coming from any of the revenue authorities or any government
3 agency tasked to enforce the revenue laws and banking and financial laws,
4 in appropriate cases;

5 b) *Right to present evidence in criminal tax cases.* – The taxpayer shall have
6 the right to be given ample and adequate opportunity, as the situation may
7 warrant, to present evidence at the taxpayer's or anybody else's possession
8 that would assist the taxpayer in the pursuit of the case;

9 c) *Right to be served with papers necessary or related to the criminal tax case.*
10 - The taxpayer shall have the right to be served with all the necessary
11 documents and papers appurtenant to the criminal tax case against him, in
12 a manner that would assist and expeditiously help present the taxpayer's
13 side pursuant to the charges against him; and

14 d) *Right to present own witnesses.* – The taxpayer shall have the right to
15 present his own witnesses in a criminal tax case.

16
17 **Sec. 7. Taxpayer's Basic Obligations.** – Concomitant to the enumerated
18 taxpayer's rights are the following duties and responsibilities of the taxpayer:

19 a) *Duty to be honest and compliant.* – The taxpayer is duty-bound to honestly
20 disclose on time complete and correct information about his tax accounts,
21 even if represented by an agent or counsel, and fulfill his compliance
22 obligations on or before the dates set by law, rules or regulations. The
23 taxpayer shall always exercise reasonable care and diligence in complying
24 with his tax obligations, and seek the help of the revenue authorities or the
25 National Tax Advocate, as the case may be;

26 b) *Duty to keep accurate records.* – The taxpayer is expected to keep accurate
27 records of his book of accounts and other tax information for the duration
28 required by law and make them available for examination by revenue
29 officers following proper procedures;

30 c) *Duty to timely submit relevant information and fulfill the taxpayer's*
31 *reporting obligations to revenue authorities.* - The taxpayer is duty bound
32 to cooperate with revenue authorities, lodge and submit in a timely manner

1 all relevant information, books of account, records, returns and other
2 documents to revenue authorities, and inform the latter in case of failure
3 to comply within the period of submission. The taxpayer shall have the
4 duty to timely notify revenue authorities of any changes in particular
5 details, including but not limited to registered address, registered activities,
6 tax type details, and accounting period. The taxpayer is also expected to
7 faithfully comply with reporting obligations under the law;

8 d) *Duty to pay taxes and fees due on time.* - The taxpayer is obliged to timely
9 pay the taxes and fees due to revenue authorities through the available
10 channels provided; and

11 e) *Duty to know what his representative or counsel does on his behalf.* – The
12 taxpayer shall have the duty to know what information and submissions
13 are made by authorized representatives on his behalf.

14
15 **SEC. 8. *Creation of the Office of the National Taxpayer Advocate.* —**

16 In order to protect the rights of taxpayers and in recognition of the complexity of tax
17 laws, both substantive and procedural, the Office of the National Taxpayer Advocate
18 is hereby created to promote tax compliance and assist taxpayers, whether individual
19 or juridical persons. The Office of the National Taxpayer Advocate shall be an
20 independent and autonomous office attached to the Department of Justice (DOJ) for
21 the purposes of policy and program coordination, under the administration and
22 supervision of an official to be known as the National Taxpayer Advocate. The National
23 Taxpayer Advocate shall have the rank of Undersecretary and shall be appointed by
24 the President of the Philippines.

25 The National Taxpayer Advocate shall be a Filipino citizen, at least forty (40)
26 years of age, a member of the Philippine Bar in good standing, with at least ten (10)
27 years of practice in the field of taxation, with proven integrity and competence, and
28 must not have been convicted of any crime involving moral turpitude.

29 An individual cannot be appointed as the National Taxpayer Advocate if such
30 individual has been an employee or officer of, or has rendered service as consultant
31 or in any other capacity to, the Department of Finance (DOF), any of the revenue
32 authorities, any attached agencies to the DOF, or has been a local treasurer for two

1 (2) years prior to such appointment. A National Taxpayer Advocate cannot serve as
2 officer or employee or consultant of, or be appointed to or act in whatever capacity
3 in, any of the revenue authorities or as local treasurer, within five (5) years following
4 his/her tenure as a National Taxpayer Advocate. For purposes of this Act, a local
5 treasurer includes a municipal, city or provincial treasurer.

6
7 **SEC. 9. Powers, Functions and Responsibilities of the Office of the**
8 **National Taxpayer Advocate.** — The Office of the National Taxpayer Advocate
9 shall have the following functions, powers and responsibilities:

- 10 a) Assist taxpayers in their queries and concerns relative to tax and customs
11 laws, including, but not limited to taxpayer registration, filing and payment
12 of taxes, settling deficiency tax assessments, and in resolving their
13 problems with the revenue authorities;
- 14 b) Assist, initiate, intervene, and represent taxpayers, as may be applicable,
15 in cases, complaints, and proceedings related to their rights as taxpayers
16 as provided under this Act;
- 17 c) Identify areas in which taxpayers have problems in dealings with the
18 revenue authorities, and recommend solutions to revenue authorities and
19 to the anti-red tape authority for purposes of reducing regulatory burden
20 to the taxpayers;
- 21 d) Engage in regular information, education and communication programs for
22 all taxpayers on laws, rules, regulations, decisions, circulars and orders that
23 affect them, including their rights and remedies under the law;
- 24 e) Monitor all issuances of the revenue authorities, and propose changes, to
25 the extent possible, in their administrative practices with the end in view
26 of mitigating problems identified under the preceding paragraph;
- 27 f) Identify potential legislative changes which may be appropriate to mitigate
28 such problems and propose the same to Congress;
- 29 g) Issue a Taxpayer Assistance Order, *motu proprio* , or upon application filed
30 by a taxpayer with the Office of the National Taxpayer Advocate, that will
31 serve as a complaint to be filed with the Secretary of Finance against the
32 erring revenue official, employee or agent on the following grounds:

- 1 (i) It is determined that the taxpayer is suffering or about to suffer a
2 significant hardship as a result of the manner in which the internal
3 revenue or customs laws are being administered by the revenue
4 authorities; or
5 (ii) The taxpayer meets such other requirements as are set forth in the
6 implementing rules and regulations of this Act.

7 For purposes of this paragraph, a significant hardship shall include: (i) an
8 immediate threat of adverse action, whether administrative or judicial, civil
9 or criminal; (ii) any action that will violate the right to privacy of a taxpayer;
10 (iii) a delay of more than thirty (30) calendar days in resolving taxpayer
11 account problems; (iv) the taxpayer will incur significant and unnecessary
12 costs, including fees for professional representation, if relief is not granted;
13 or (v) irreparable injury to, or a long-term adverse impact on, the taxpayer
14 if relief is not granted.

15 In cases where a revenue officer, employee or agent does not comply with
16 the laws, rules and regulations or any applicable published administrative
17 guidance, the National Taxpayer Advocate shall consider the factors taken
18 into account by the revenue officer, employee or agent in determining
19 whether to issue a Taxpayer Assistance Order in the manner most
20 favorable to the taxpayer.

21 Any Taxpayer Assistance Order under this Section may be modified or
22 rescinded by the National Taxpayer Advocate, only if a valid written
23 explanation is submitted by the Commissioner of Internal Revenue or the
24 Commissioner of Customs, as the case may be. The reasons for the
25 modification or rescission shall be specifically stated by the National
26 Taxpayer Advocate in the rescission or modification order.

27 The running of the period of statute of limitations with respect to any action
28 for which a Taxpayer Assistance Order has been issued shall be suspended
29 for the period beginning on the date of the taxpayer's application under
30 this section and ending on the date of the National Taxpayer Advocate's
31 decision with respect to such application and any period specified in a
32 Taxpayer Assistance Order issued pursuant to such application; and

1 (h) Issue a stay order pursuant to Sec. 4 (f) of this Act and cite in contempt
2 the concerned revenue authority, its officers, employees or agents for
3 violation of its stay order.
4

5 **SEC. 10. *Organization and Staffing Pattern.*** The Office of the National
6 Taxpayer Advocate shall be headed by a National Taxpayer Advocate. The National
7 Taxpayer Advocate shall provide for the structural organization and staff of its offices
8 and shall have the power and authority to designate and appoint officers and
9 employees of the Office, in accordance with civil service laws, rules, and regulations.

10 All positions in the Office of the National Taxpayer Advocate shall be governed
11 by compensation and position qualification system and qualification standards
12 approved by the National Taxpayer Advocate based on comprehensive job analysis
13 and audit of actual duties and responsibilities. The National Taxpayer Advocate shall
14 appoint and fix the remuneration of the emoluments of its personnel in accordance
15 with existing laws on compensation and position classification.
16

17 **SEC. 11. *Submission of Annual Reports by the Office of the National***
18 ***Taxpayer Advocate.*** — Not later than December 31 of each calendar year, the
19 Office of the National Taxpayer Advocate shall submit a report to the Chairpersons of
20 the Committee on Ways and Means of the Senate of the Philippines and House of
21 Representatives on its activities during such calendar year. Such report shall contain
22 full and substantive analysis, in addition to statistical information, and shall:

- 23 a) Identify the initiatives that the Office of the National Taxpayer Advocate
24 has undertaken aimed at improving taxpayer services and the tax
25 authorities' responsiveness;
- 26 b) Contain recommendations received from taxpayers by the Office of
27 National Taxpayer Advocate;
- 28 c) Contain a summary of the most serious problems encountered by
29 taxpayers, including a description of the nature of such problems;
- 30 d) Contain an inventory of the items described in subsections (a), (b), and (c)
31 of this Section for which action has been taken and the result of such
32 action;

- 1 e) Contain an inventory of the items described in subsections (a), (b), and
2 (c) of this Section for which action remains to be completed and the period
3 during which each item has remained on such inventory;
- 4 f) Contain an inventory of the items described in subsections (a), (b), and (c)
5 of this Section for which no action has been taken, the period during which
6 each item has remained on such inventory, the reasons for the inaction,
7 and identify any revenue officer, employee or agent who is responsible for
8 such inaction;
- 9 g) Identify any taxpayer assistance order which was not processed by the
10 proper revenue authority in a timely manner;
- 11 h) Contain recommendations for such administrative and legislative action as
12 may be appropriate to resolve problems encountered by taxpayers;
- 13 i) Identify areas of the tax law that impose significant compliance burdens
14 on taxpayers, the revenue authorities, and local treasurers including
15 specific recommendations for remedying these problems;
- 16 j) Identify the most litigated issues for each category of taxpayers, including
17 recommendations for mitigating such disputes: and
- 18 k) Include such other information as the National Taxpayer Advocate may
19 deem relevant.

20 Each report required under this subparagraph shall be provided directly to the
21 Committee on Ways and Means of the Senate of the Philippines and the House of
22 Representatives without any prior review or comment from the Commissioner of
23 Internal Revenue and Commissioner of Customs or any other officer or employee of
24 the said Bureaus. The National Taxpayer Advocate shall furnish copies of said report
25 to the Secretary of Finance, and to the Commissioner of Internal Revenue and
26 Commissioner of Customs.

27 The Commissioners of Internal Revenue and Commissioner of Customs shall
28 establish procedures requiring a formal response to all recommendations submitted
29 to them by the National Taxpayer Advocate within three (3) months from the date of
30 submission.

31

1 **SEC. 12. Other Powers, Functions, and Responsibilities of the**
2 **National Taxpayer Advocate.** — The National Taxpayer Advocate shall:

- 3 a) Monitor the coverage and geographic deployment of local offices of
4 Taxpayer Advocates;
- 5 b) Develop guidelines to be distributed to all revenue officers and employees
6 and the local treasurers outlining the criteria for referral of taxpayer
7 inquiries to local offices of Taxpayer Advocates;
- 8 c) Formulate rules, regulations and guidelines on the issuance of a Taxpayer
9 Assistance Order, stay order pursuant to Sec. 4(f) of this Act, and other
10 forms of assistance, interventions, and representations that the Taxpayer
11 Advocate may provide for the taxpayer;
- 12 d) Formulate, implement, review and improve standards of delivery of services
13 by the Office of the National Tax Advocate to the taxpayer pursuant to their
14 rights enumerated in this Act, and monitor and evaluate compliance over
15 such standards by the Tax Advocates through a feedback mechanism to be
16 actively participated by the taxpayers;
- 17 e) Ensure that the local telephone number for each local office of the Taxpayer
18 Advocate is published and available to taxpayers served by the office;
- 19 f) Develop career paths for local Taxpayer Advocates in the Office of the
20 National Taxpayer Advocate; and
- 21 g) Other powers and functions as may be implied and necessary to perform
22 their powers, functions and responsibilities enumerated in this Act.

23
24 **SEC. 13. Personnel Actions of the National Taxpayer Advocate.** — The
25 National Taxpayer Advocate shall have the responsibility and authority to:

- 26 a) Appoint local Taxpayer Advocates and make available at least one (1) such
27 Advocate for each province, as may be identified by the DOJ; and
- 28 b) Evaluate and take personnel actions including dismissal with respect to any
29 employee of any local office of the National Taxpayer Advocate described
30 in subsection (a) of this Section.

1 The National Taxpayer Advocate may consult with the appropriate supervisory
2 personnel of the revenue authorities in carrying out the National Taxpayer Advocate’s
3 responsibilities and qualifications under this Section.
4

5 **SEC. 14. *Individuals and MSMeS as Priority.*** – Application for the issuance
6 of a Taxpayer Assistance Order filed by individuals earning purely from compensation,
7 from practice of profession, and single proprietorship, cooperative, partnership or
8 corporation considered as micro-, small- and medium- enterprises (MSMeS) as
9 provided under Section 3 of RA No. 9501, otherwise known as the “Magna Carta for
10 MSMeS” shall be given priority by the Office of the National Taxpayer Advocate.
11

12 **SEC. 15. *Taxpayer’s Remedies for Violation of Rights under this Act.***
13 — Any violation of the provisions of this Act committed by any official or employee of
14 the BIR or the BOC, other than the Commissioner of Internal Revenue and
15 Commissioner of Customs, shall be filed with the office of the Commissioner of
16 Internal Revenue or the Commissioner of Customs, as the case may warrant, with the
17 assistance of the National Taxpayer Advocate. The Commissioner of Internal Revenue
18 or the Commissioner of Customs shall decide the controversy expeditiously, which
19 shall not in any case be more than thirty (30) calendar days from the time the
20 complaint or case is filed with their respective offices. Decisions of the Commissioner
21 of Internal Revenue or the Commissioner of Customs concerning any complaint or
22 case for violation of the provisions of this Act, may be brought for review by the
23 aggrieved party or the latter’s authorized representative, to the Secretary of Finance.
24 In case the Commissioner of Internal Revenue or Commissioner of Customs fail to act
25 on such complaint or case within the time herein prescribed, the aggrieved party or
26 the latter’s authorized representative may file the complaint or case directly with the
27 Secretary of Finance.

28 Complaints against the Commissioner of Internal Revenue or the Commissioner
29 of Customs for violation of this Act shall be filed directly with the Secretary of Finance
30 who shall decide the case within thirty (30) calendar days from the date the complaint
31 was filed. Decisions of the Secretary of Finance may be appealed before the Office of
32 the President.

1 Any complaint or case filed pursuant to this Section shall be without prejudice
2 to any other action that may be instituted against the employee or official of the BIR
3 or the BOC under existing laws, rules and regulations.

4 Evidence against the taxpayers obtained in relation to this Act shall be
5 inadmissible in any court or proceeding if found to have been obtained in violation of
6 any of the above-enumerated taxpayer's rights.

7
8 **SEC. 16. Penalties for the Violation of the Bill of Rights of Taxpayers.**

9 — Any person or public official who is found to have violated the Bill of Taxpayers
10 Rights shall be punished with imprisonment of not less than six (6) years nor more
11 than twelve (12) years, and a fine of not less than one hundred thousand pesos
12 (Php100,000.00) but not more than five hundred thousand pesos (Php500,000.00).

13
14 **SEC. 17. Report of the Secretary of Finance.** — On or before June 1 of

15 each calendar year, the Secretary of Finance shall submit and present to the
16 Chairpersons of the Committee on Ways and Means of the Senate and House of
17 Representatives a report on:

18 (a) All categories of incidents involving the misconduct of the officers and
19 employees of the revenue authorities during the preceding calendar year; and

20 (b) Action on and disposition of any such instances.

21
22 **SEC. 18. Accessibility of the Taxpayer's Bill of Rights and Obligations.**

23 - The Taxpayer's Bill of Rights and Obligations shall be made available in every
24 revenue district office, revenue regional office, and national office of the BIR and
25 collection district and national office of the BOC, free of charge, in all formats, digital
26 or otherwise, and shall be posted in their respective websites, in multiple languages
27 and dialects, as may be determined in the implementing rules and regulations.

28
29 **SEC. 19. Integration of Taxpayer's Bill of Rights and Obligations in**
30 **Higher Education curriculum.** - All public and private higher education institutions
31 shall integrate the Taxpayer's Bill of Rights and Obligations as part of an elective
32 course. The Commission on Higher Education (CHED), pursuant to its mandate under

1 RA No. 7722, otherwise known as the "Higher Education Act of 1994," shall develop
2 the program to execute and implement this section.

3

4 **SEC. 20. *Establishment of Micro- and Small- Taxpayer Clinic Program.***

5 – To ensure the fairness and integrity of the tax system for taxpayers who are
6 classified as micro- and small- taxpayers, the DOF shall develop a micro- and small-
7 taxpayer clinic (MSTC) program that will assist individuals and businesses classified
8 as micro- and small- taxpayers having a tax dispute with any of the revenue
9 authorities, and provide education and information about taxpayer rights and
10 responsibilities in different languages or dialects.

11 The MSTCs shall be independent from the revenue authorities and the National
12 Taxpayer Advocate. MSTCs can represent micro- and small- taxpayers in audits,
13 appeals and tax collection disputes before revenue authorities and in court. MSTC
14 services are offered for free or a small fee.

15

16 **SEC. 21. *Implementing Rules and Regulations.*** — Within thirty (30)
17 calendar days from the effectivity of this Act, the following shall promulgate the
18 necessary rules and regulations for its effective implementation:

- 19 a) A representative from the Department of Finance (DOF);
20 b) A representative from the BIR;
21 c) A representative from the BOC;
22 d) A representative from the DOJ;
23 e) A representative from the Secretariat of the Congressional Oversight
24 Committee on Comprehensive Tax Reform Program;
25 f) Representatives from the Committee on Ways and Means of both Houses
26 of Congress;
27 g) A representative each from Tax Management Association of the Philippines
28 and the Philippine Institute of Certified Public Accountants.

29

30 **SEC. 22. *Separability Clause.*** — If any provision of this Act is declared
31 invalid or unconstitutional, other provisions hereof which are not affected thereby
32 shall remain in full force and effect.

1 **SEC. 23. *Repealing Clause.*** — All laws, orders, decrees, rules and
2 regulations, and other parts thereof inconsistent with the provisions of this Act are
3 hereby repealed, amended or modified accordingly.

4
5 **SEC. 24. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
6 publication in the Official Gazette or in at least two (2) national newspapers of general
7 circulation.

Approved,