

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

Secretary  
Office of the Secretary

13 SEP 11 P5:13

SENATE  
P. S. R. No. 241

RECEIVED *ja*

---

Introduced by Senator Miriam Defensor Santiago

---

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED TAX EVASION COMMITTED BY SELF-EMPLOYED PROFESSIONALS COSTING THE PHILIPPINES ABOUT P388 BILLION IN UNCOLLECTED POTENTIAL REVENUES

WHEREAS, the Constitution, Article 2, Section 9 provides: "The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all";

WHEREAS, the *Philippine Star* reported in its 18 July 2013 issue that rampant tax evasion by self-employed individuals is costing the Philippines about P388 billion in uncollected potential revenues, according to the Department of Budget and Management (DBM);

WHEREAS, DBM Secretary Florencio Abad reportedly said that tax collections from self-employed professionals--which include doctors, lawyers and accountants--have been "incredibly low", meaning they have been evading more income tax compared to lower income occupations;

WHEREAS, it was reported that these self-employed professionals constitute only 6.8 percent of total individual income taxes, way below the 81.5 percent share of those whose taxes are automatically deducted from their salaries;

WHEREAS, it was also reported that data from the Professional Regulatory Commission (PRC) showed two million active professionals, while the Department of Trade and Industry's data base show 816,759 registered micro-, small, and medium enterprises;

WHEREAS, the news article reported that out of the total 1.8 million registered taxpayers, only 402,000 self-employed, business, and professionals filed their tax returns, and that they paid an average of P33,441 or a total of P13.4 billion, which accounts for only 0.13 percent of the gross domestic product;

WHEREAS, it was reported that the government's goal is to boost the number of taxpayers and increase the average payment to P200,000 which is seen to translate to an additional P360 billion in collections or 2.1 percent of the country's gross domestic product;

WHEREAS, self-employed professionals virtually have unbridled discretion as to the payment of their taxes, in contrast to regular compensation earners whose employers are mandated by law to withhold the proper income tax from the former's salaries and wages;

WHEREAS, there is a great need for legislation that will ensure the payment of taxes by self-employed professionals and provide stringent penalties for the violation thereof;

WHEREFORE, be it hereby resolved by the Philippine Senate to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the reported tax evasion committed by self-employed professionals costing the Philippines about P388 billion in uncollected potential revenues.

Adopted,

*aco.*  
*Miriam Defensor Santiago*  
SEN. MIRIAM DEFENSOR SANTIAGO

/icb