

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

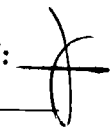


Senate
Office of the Secretary

'16 JUL 19 P5:26

SENATE

S. No. 602

RECEIVED BY: 

Introduced by Senator Antonio "Sonny" Trillanes IV

AN ACT
REQUIRING ALL GOVERNMENT AGENCIES, INSTRUMENTALITIES, LOCAL
GOVERNMENT UNITS, AND GOVERNMENT OWNED AND CONTROLLED
CORPORATIONS (GOCCs) AND PRIVATE ESTABLISHMENTS TO USE
SECURITY WATER-MARKED PAPER IN ALL RECEIPTS AND INVOICES,
PERMITS, LICENSES, CLEARANCES, OFFICIAL PAPERS OR DOCUMENTS

EXPLANATORY NOTE

It has always been the goal of the government to increase and enhance revenue collection and to put a stop to tax fraud and corruption. However, there seems to be an absence of a simple yet effective manner of easily verifying and/or authenticating all receipts, invoices, permits, licenses, clearances and official papers issued by all government agencies and instrumentalities, Government Owned and Controlled Corporations (GOCCs) and Local Government Units (LGUs) as well as private businesses, that will ensure full accounting and proper documentation of all business and commercial transactions in the country.

In this regard, there is a need to establish and implement a simple yet fool-proof way of authenticating and verifying the correctness of transactions even by a mere naked eye examination to substantially enhance and improve government revenue without increasing taxes.

This bill proposes the use of specialized or watermarked security paper on which all receipts, invoices, permits, licenses, clearances and all other official papers and documents issued by both the government as well as private entities shall be printed. Consequently, the adoption of such legislation will greatly enhance and strengthen tax monitoring and collection if the use of security watermarked paper for all receipts and other documents will be made a mandatory requirement for all commercial and business transactions.

It should be noted that the National Tax Research Center (NTRC) of the Department of Finance (DOF), the government's lead agency when it comes to taxation, has expressed its support and full backing for the proposal to use water-marked paper in all receipts and similar documents to be issued by state agencies, local government units and even private and commercial establishments. The NTRC said this move would enhance and strengthen the tax monitoring and collection functions of the government. To quote the NTRC,

"It is also expected that the use of watermarked paper in all commercial and business transactions could minimize if not completely eliminate the use of falsified receipts and other documents."

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


ANTONIO "SONNY" F. TRILLANES IV
Senator




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

1 **SECTION 1. Short Title.** – This Act shall be known as the "Document
2 Authentication and Security Act".
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to:

- 5 (a) Enhance tax monitoring and collection;
- 6
- 7 (b) Increase revenue collection; and
- 8
- 9 (c) Avoid tax fraud and graft and corruption in the tax collection efforts.
- 10

11 **SEC. 3. Definition of Terms.** – The following definition of terms is hereby adopted:
12 (a) "Receipt" is a written admission or acknowledgement of the fact of payment in money or
13 other settlement between seller and buyer of goods, debtor and creditor, or person
14 rendering services and client or customer printed in accordance with these regulations.
15

16 (b) "Sales or commercial invoice or delivery receipts" is a written account of goods and
17 services rendered and the price charged therefore, or a list of goods consigned and the
18 value at which the consignee is to receive them or any other list by whatever name known
19 which is used in the ordinary course of business evidencing sale and transfer or agreement
20 to sell or transfer goods and service, e.g. purchase orders, delivery receipts, job orders,
21 provisional and temporary receipts, and others;
22

23 (c) "Security watermarked paper" shall refer to a paper material which bear watermark
24 containing such authorized security feature duly etched and embedded in the paper during
25 its manufacturing process. It is especially designed for the printing of receipts or sales or
26 commercial invoices.

1 **SEC. 4. Covered Institutional Establishments.** – All government agencies and
2 instrumentalities, including Government-Owned and/or Controlled Corporations, and all
3 Local Government Units and private and commercial establishments, whether corporations,
4 partnerships or sole proprietorships, shall use water-marked paper in all receipts, invoices,
5 forms, permits, licenses, clearances, official papers and documents which they issue to all
6 natural and juridical persons transacting business with them.
7

8 **SEC. 5. Procedure for Printing of Security Watermarked Paper.** – The said
9 agencies, GOCCs and LGUs as well as all private establishments shall strictly comply with
10 the Implementing Rules and Regulations (IRR) prescribing the procedures in accordance with
11 which such receipts, invoices, forms, permits, licenses shall be printed, as provided below.
12 The said documents shall be printed on security water-marked paper in accordance with
13 prescribed form and dimensions.
14

15 **SEC. 6. Size and Form of Security Watermarked Paper.** – The Department of
16 Finance (DOF), the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC)
17 shall prescribe and formulate within a period of two (2) months from the effectivity of this
18 Act the appropriate uniform dimensions and form of security watermarked paper to be used
19 for all business and commercial transactions in the Philippines.
20

21 **SEC. 7. Covered Forms.** – All receipts, invoices, permits, licenses and clearances and
22 other accountable forms shall, after a period of six (6) months from the effectivity of this Act,
23 all be printed in security water-marked paper: *Provided*, That any such receipts, invoices,
24 commercial documents, permits, licenses and clearances as well as other accountable forms
25 which remain unused and unconsumed after the lapse of said six -month period may still be
26 used: *Provided, further*, That appropriate inventory thereof as continued and approved by the
27 BIR is conducted and: *Provided, finally*, That, after a period of six (6) months thereafter, the
28 said unused receipts, invoices, permits, licenses and clearances as well as other accountable
29 forms shall no longer be allowed for use in any transaction in the Philippines.
30

31 **SEC. 8. Penalty.** – Any person who fails to comply with the requirements of this Act,
32 including the parties involved in a transaction where the use of security water-marked paper
33 is prescribed, as well as government functionaries involved in the monitoring and regulating
34 these transactions, shall be subject to all the appropriate sanctions and penalties provided for
35 in the National Internal Revenue Code and other pertinent laws, rules and regulations.
36

37 **SEC. 9. Implementing Agency.** – The Secretary of the Department of Finance, upon
38 the recommendation of the Commissioner of the BIR and the Commissioner of the BOC,
39 shall immediately promulgate and adopt the appropriate Implementing Rules and Regulations
40 (IRR) of this Act. Said IRR shall include the identification and setting of the standards upon
41 which the security watermarked paper shall be sourced and supplied and such other details as
42 would be necessary and appropriate for the effective implementation of this Act.
43

44 **SEC. 10. Separability Clause.** – If, for any reason, any provision of this Act is
45 declared unconstitutional or invalid, the remainder or any provisions hereof not affected
46 thereby shall remain in full force and effect.
47

48 **SEC. 11. Repealing Clause.** – The provisions of any law, executive orders,
49 presidential decrees or other issuances inconsistent with this Act are hereby repealed or
50 modified accordingly.

1 **SEC. 12. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
2 complete publication in the Official Gazette or in at least two (2) newspapers of general
3 circulation.

Approved,