



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

'17 JUN 27 A11:57

RECEIVED BY: 

SENATE
S.B. No. 1495

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
REPEALING REPUBLIC ACT NO. 1405, AS AMENDED, OTHERWISE KNOWN AS THE
SECURITY OF BANK DEPOSITS LAW

EXPLANATORY NOTE

The Philippines is one of the few countries still left with a bank secrecy law.

Republic Act No. 1405, otherwise known as the "Security of Bank Deposits Law", protects the confidentiality of all bank deposits made by individuals. This law was enacted for the purpose of encouraging individuals to deposit funds in banking institutions in order to encourage economic growth.

But this law also protects dubious individuals, allowing them to evade taxes and conceal monetary transactions that may be unconstitutional.

According to the Department of Finance, we are losing P668.34 billion in taxes and duties annually due to the restrictive banking laws in the Philippines, or around 33.7% of the its yearly tax revenues.¹

It is thus necessary to strengthen measures to ensure that Filipino rightfully declare their taxes. In line with the government's Comprehensive Tax Reform, the lifting of this law secures efficiency in terms of revenues collection by both the Bureau of Internal Revenue and Bureau of Customs. The lifting of this law also ensures that our country avoids tax evasion and tax fraud cases.

Let us make our tax collection procedures remain reliable and efficient.

¹ <http://business.mb.com.ph/2017/05/03/dof-estimates-p668-b-tax-losses-due-to-bank-secrecy/>

In view of the foregoing, the passing of this bill is urgently sought.


PAOLO BENIGNO "BAM" AQUINO IV



Senate
Office of the Secretary

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

1 **SECTION 1.** Republic Act No. 1405, as amended by Presidential Decree No. 1792,
2 otherwise known as the Secrecy of Bank Deposits Law is hereby repealed.

3 **SEC. 2.** It is the policy of the State to effectively combat both domestic and global
4 tax evasion, money laundering and other financial crimes; to promote harmonious
5 and supportive international relations; and to comply with international standards
6 on transparency. It is likewise the policy of the State to protect all persons, natural
7 and juridical, from any unauthorized or unlawful inquiry or access into data or
8 information deemed confidential by specific law, or covered by the Data Privacy Act.

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

12 *Approved,*