

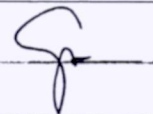
SENATE

S. No. 273

'19 JUL -8 P2:40

Introduced by Senator Ralph G. Recto

RECEIVED BY:



AN ACT

**ENHANCING REVENUE ADMINISTRATION AND COLLECTION BY GRANTING AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE NATIONAL GOVERNMENT FOR TAXABLE YEAR 2018 AND PRIOR YEARS**

**Explanatory Note**

The last comprehensive tax reform in the country was in 1997. After two decades, various sectors are now clamoring for another tax reform to make our tax system more equitable. The government responded by the enactment of Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) Law. However, TRAIN Law is only the first package of the four (4) packages of the comprehensive tax reform program of the current administration. The granting of a general tax amnesty program should first be considered as a prelude to the adoption of a comprehensive tax reform program to give erring taxpayers an opportunity to come up with a clean slate and begin paying the correct taxes.

Aside from making our tax system more equitable, it is also the intent of adopting a comprehensive tax reform program to simplify the tax compliance requirements. The complexity of the current tax system makes it difficult for the small businessmen, entrepreneurs and other income earners to comply with the requirements of the law for the payment of taxes, thereby resulting in an inadvertent failure to file tax returns and pay the corresponding correct taxes due thereon.

This proposed measure seeks to grant a general tax amnesty program to promote and enhance revenue administration and collection. It would also encourage voluntary compliance by the taxpayers to pay the correct taxes.

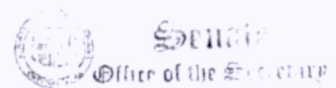
Also, this bill seeks to broaden the tax base by requiring taxpayers to file their Statement of Assets, Liabilities and Net Worth (SALN) or Statement of Total Assets (STA). Declaring the net worth or total assets will greatly contribute to the government's effort to organize taxpayers' records and information. It will promote a broader tax base that will lead to collection of higher tax revenues.

Furthermore, the bill contains a provision granting immunity from civil, criminal and administrative penalties to erring taxpayers in order to encourage those operating in the underground economy to legitimize their business operations.

Lastly, by creating a large database of taxpayers containing their corresponding personal information and SALN or STA, this proposed measure could greatly help the government in its effort to prevent money laundering in the country.

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

  
RALPH G. RECTO



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**AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE**  
**NATIONAL GOVERNMENT FOR TAXABLE YEAR 2018 AND PRIOR YEARS**

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

TITLE I

PRELIMINARY PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “General Tax Amnesty Act of 2019”.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to protect and enhance revenue administration and collection, and make the country’s tax system more equitable, by simplifying the tax compliance requirements. Towards this end, the State shall:

(a) Broaden the tax base by offering a general tax amnesty for all unpaid internal revenue taxes that will help cleanse, organize, and improve the Bureau of Internal Revenue’s database; and

(b) Provide a more equitable tax system by adopting a comprehensive tax reform program that will simplify the requirements on tax amnesties with the use of simplified forms, and utilization of information technology in broadening the tax base.

SEC. 3. *Definition of Terms.* – As used in this Act:

(a) *Statement of Assets, Liabilities, and Net Worth* refers to a declaration of the assets, liabilities, and net worth as of December 31, 2018, as follows:

(1) Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business: *Provided*, That property other than money shall be valued at the cost at which the property was acquired: *Provided, further*, That foreign



1 currency assets and/or securities shall be valued at the rate of exchange prevailing as of the date  
2 of the Statement of Assets, Liabilities, and Net Worth;

3 (2) All existing liabilities which are legitimate and enforceable, secured or unsecured,  
4 whether or not incurred in trade or business; and

5 (3) The net worth of the taxpayer, which shall be the difference between the total assets  
6 and total liabilities.

7 (b) *Total Asset* refers to the amount of the aggregate assets whether within or without the  
8 Philippines, real or personal, tangible or intangible, or ordinary or capital.

## 9 TITLE II

### 10 GENERAL TAX AMNESTY

11 SEC. 4. *Coverage*. – There is hereby authorized and granted a tax amnesty, hereinafter  
12 called General Tax Amnesty, which shall cover all national internal revenue taxes such as, but  
13 not limited to, income tax, withholding tax, capital gains tax, donor's tax, value-added tax, other  
14 percentage taxes, excise taxes and documentary stamp tax collected by the Bureau of Internal  
15 Revenue (BIR), including value-added tax and excise taxes collected by the Bureau of Customs  
16 for taxable year 2018 and prior years, with or without assessments duly issued therefor, that have  
17 remained unpaid: *Provided, however*, That the General Tax Amnesty hereby authorized and  
18 granted shall not cover persons or cases enumerated under Section 10 hereof.

19 SEC. 5. *Entitlement under the General Tax Amnesty*. – Except for the instances covered in  
20 Section 10 hereof, any person, whether natural or juridical, may enjoy the immunities and  
21 privileges of the General Tax Amnesty by paying, at the taxpayer's option, an amnesty tax at

22 (i) the rate of two percent (2%) based on the taxpayer's total assets as of December 31,  
23 2018, as declared in the Statement of Total Assets; or

24 (ii) based on the taxpayer's total net worth as of December 31, 2018, as declared in the  
25 Statement of Assets, Liabilities, and Net Worth filed pursuant to Section 6 hereof and in  
26 accordance with the following schedule of amnesty tax rates and minimum amnesty tax  
27 payments required:

1 (a) Individual (whether resident or non-resident citizens, including resident or non-  
2 resident aliens), Trusts and Estates ..... 5% or P75,000, whichever is higher.

3 (b) Corporations

4 (1) With subscribed capital of above P50 million ..... 5% or P1,000,000, whichever  
5 is higher.

6 (2) With subscribed capital of above P20 million up to P50 million ..... 5% or  
7 P500,000, whichever is higher.

8 (3) With subscribed capital of P5 million up to P20 million ..... 5% or P250,000,  
9 whichever is higher.

10 (4) With subscribed capital of below P5 million ..... 5% or P100,000, whichever is  
11 higher.

12 (c) Other juridical entities, including, but not limited to, cooperatives and  
13 foundations, that have become taxable as of December 31, 2018 ..... 5% or P75,000,  
14 whichever is higher.

15 *Provided*, That if the taxpayer opts to pay the amnesty tax based on total net worth and the  
16 computed net worth is negative, the taxpayer may still avail of the benefits of tax amnesty under  
17 this Title, and pay the minimum amnesty tax.

18 *SEC. 6. Availment of the General Tax Amnesty; When and Where to File and Pay.* - Any  
19 person, natural or juridical, who wishes to avail of the General Tax Amnesty shall, within one (1)  
20 year from the effectivity of the Implementing Rules and Regulations, file with the appropriate  
21 office of the BIR, which has jurisdiction over the taxpayer, a sworn General Tax Amnesty  
22 Return accompanied by a notarized Statement of Total Assets or notarized Statement of Assets,  
23 Liabilities, and Net Worth, as the case may be, as of December 31, 2018. The payment of the  
24 amnesty tax shall be made at the time the return is filed.

25 *Provided*, That the Revenue District Officer shall issue and endorse an Acceptance  
26 Payment Form, in such form as may be prescribed in the Implementing Rules and Regulations of

1 this Act authorizing the authorized agent bank, or in the absence thereof, the revenue collection  
2 agent or municipal treasurer concerned, to accept the amnesty tax payment.

3 *Provided, further,* That the availment of the General Tax Amnesty and the issuance of the  
4 corresponding Acceptance Payment Form shall not imply any admission of criminal, civil or  
5 administrative liability on the part of the availing taxpayer.

6 *Provided, furthermore,* That if the tax amnesty is availed based on the period indicated  
7 hereunder, the taxpayer shall be entitled to the corresponding reduction in the total amnesty tax  
8 due:

9 (a) If paid on or before the end of the third calendar month from the effectivity of the  
10 Implementing Rules and Regulations..... 20%

11 (b) If paid after the end of the third calendar month until the end of the sixth calendar  
12 month from the effectivity of the Implementing Rules and Regulations.....15%;  
13 and

14 (c) If paid after the end of the sixth calendar month until the end of the ninth calendar  
15 month from the effectivity of the Implementing Rules and Regulations .....10%

16 *Sec. 7. Contents of the Statement of Total Assets and Statement of Assets, Liabilities, and*  
17 *Net Worth. –*

18 (A) The Statement of Total Assets shall contain a declaration of the total assets as of  
19 December 31, 2018, as follows:

20 (1) Assets within or without the Philippines, whether real or personal, tangible or  
21 intangible, whether or not used in trade or business:

22 (a) Real properties shall be accompanied by a description of their classification, exact  
23 location, and valued at acquisition cost, if acquired by purchase, or the zonal valuation or fair  
24 market value as shown in the schedule of values of the provincial, city or municipal assessors at  
25 the time of inheritance or donation, whichever is higher, if acquired through inheritance or  
26 donation;



1 (b) Personal properties other than money, shall be accompanied by a specific description  
2 of the kind and number of assets (*i.e.* automobiles, shares of stock, etc.) or other investments,  
3 indicating the acquisition cost less the accumulated depreciation or amortization, or the  
4 corresponding book value for shares of stock, in proper cases, if acquired by purchase, or the fair  
5 market price or value at the date of the Statement of Total Assets, if acquired through inheritance  
6 or donation;

7 (c) Assets denominated in foreign currency shall be converted into the corresponding  
8 Philippine currency equivalent, at the rate of exchange prevailing as of the date of the Statement  
9 of Total Assets; and

10 (d) Cash on hand and in bank in peso as of the date of the Statement of Total Assets, as  
11 well as cash on hand and in bank in foreign currency, converted to Philippine peso at the rate of  
12 exchange prevailing as of the date of the Statement of Total Assets.

13 (B) The Statement of Assets, Liabilities, and Net Worth shall contain a true and complete  
14 declaration of assets, liabilities, and net worth of the taxpayer as of December 31, 2018, as  
15 follows:

16 (1) Assets within or without the Philippines, whether real or personal, tangible or  
17 intangible, whether or not used in trade or business:

18 (a) Real properties shall be accompanied by a description of their classification, exact  
19 location, and valued at acquisition cost, if acquired by purchase, or the zonal valuation or fair  
20 market value as shown in the schedule of values of the provincial, city or municipal assessors, at  
21 the time of inheritance or donation, whichever is higher, if acquired through inheritance or  
22 donation;

23 (b) Personal properties other than money, shall be accompanied by a specific description  
24 of the kind and number of assets (*i.e.* automobiles, shares of stock, etc.) or other investments,  
25 indicating the acquisition cost less the accumulated depreciation or amortization, or the  
26 corresponding book value for shares of stock, in proper cases, if acquired by purchase, or the fair  
27 market price or value at the date of the Statement of Assets, Liabilities, and Net Worth, if  
28 acquired through inheritance or donation;

1 (c) Assets denominated in foreign currency shall be converted into the corresponding  
2 Philippine currency equivalent, at the rate of exchange prevailing as of the date of the Statement  
3 of Assets, Liabilities, and Net Worth; and

4 (d) Cash on hand and in bank in peso as of the date of the Statement of Assets,  
5 Liabilities, and Net Worth, as well as cash on hand and in bank in foreign currency, converted to  
6 Philippine peso at the rate of exchange prevailing as of the date of the Statement of Assets,  
7 Liabilities, and Net Worth.

8 (2) All existing liabilities, which are legitimate and enforceable, secured or unsecured,  
9 whether or not incurred in trade or business, disclosing or indicating clearly the name and  
10 address of the creditor and the amount of the corresponding liability.

11 (3) The total net worth of the taxpayer, which shall be the difference between the total  
12 assets and total liabilities.

13 SEC. 8. *Presumption of Correctness of the Statement of Total Assets, and Statement of*  
14 *Assets, Liabilities, and Net Worth.* - The Statement of Total Assets or the Statement of Assets,  
15 Liabilities, and Net Worth, filed at the option of the taxpayer, shall be conclusively presumed as  
16 true, correct, and final upon filing thereof, and shall be deemed complete upon full payment of  
17 the amount due.

18 The Acceptance Payment Form, and the General Tax Amnesty Return shall be submitted to  
19 the Revenue District Office after complete payment. The completion of these requirements shall  
20 be deemed full compliance with the provisions of this Act. A Certificate of Availment of the  
21 General Tax Amnesty shall be issued by the BIR within fifteen (15) calendar days from  
22 submission to the BIR of the Acceptance Payment Form and the General Tax Amnesty Return.  
23 Otherwise, the duplicate copies, stamped as received, of the Acceptance Payment Form, and the  
24 General Tax Amnesty Return shall be deemed as sufficient proof of availment.

25 Sec. 9. *Immunities and Privileges.* - Those who avail of the General Tax Amnesty and  
26 have fully complied with all the conditions set forth in this Act and upon payment of the amnesty  
27 tax shall be entitled to the following immunities and privileges:



1 (a) With respect to the years covered by the tax amnesty, the taxpayer shall be immune  
2 from the payment of taxes, as well as additions thereto, and from all appurtenant civil, criminal,  
3 and administrative cases and penalties under the National Internal Revenue Code of 1997, as  
4 amended, arising from the failure to pay any and all internal revenue taxes for taxable year 2018  
5 and prior years and from such other investigations or suits insofar as they relate to the assets,  
6 liabilities, net worth, and internal revenue taxes that are subject of the tax amnesty.

7 (b) Any information or data contained in, derived from or provided by a taxpayer in the  
8 Tax Amnesty Return, Statement of Total Assets or Statement of Assets, Liabilities, and Net  
9 Worth, as the case may be, and appurtenant documents shall be confidential in nature and shall  
10 not be used in any investigation or prosecution before any judicial, quasi-judicial and  
11 administrative bodies: *Provided*, That the taxpayer may use this as a defense, whenever  
12 appropriate, in cases brought against the taxpayer.

13 (c) The books of accounts and other records of the taxpayer for the years covered by the  
14 tax amnesty availed of shall not be examined by the BIR: *Provided*, That the Commissioner of  
15 Internal Revenue may authorize in writing the examination of the said books of accounts and  
16 other records to verify the validity or correctness of a claim for any tax refund, tax credit (other  
17 than refund or credit of taxes withheld on wages), tax incentives, and/or exemptions under  
18 existing laws.

19 All these immunities and privileges shall not apply when the taxpayer failed to file a  
20 General Tax Amnesty Return and a Statement of Total Assets, or Statement of Assets,  
21 Liabilities, and Net Worth, as the case may be.

22 Upon full compliance with all the conditions set forth in this Title and payment of the  
23 corresponding general amnesty tax, the tax amnesty granted under this Title shall become final  
24 and irrevocable.

25 SEC. 10. *Exceptions.* – The General Tax Amnesty under this Act shall not extend to the  
26 following:



1 (a) Withholding tax agents who withheld taxes but failed to remit the same to the Bureau  
2 of Internal Revenue;

3 (b) Taxpayers with cases pending in appropriate courts involving:

4 (1) Those that fall under the jurisdiction of the Presidential Commission on Good  
5 Government;

6 (2) Unexplained or unlawfully acquired wealth under Republic Act No. 3019, otherwise  
7 known as the Anti-Graft and Corrupt Practices Act, and Republic Act No. 7080 or An Act  
8 Defining and Penalizing the Crime of Plunder;

9 (3) Violations of Republic Act No. 9160, otherwise known as the Anti-Money Laundering  
10 Act, as amended;

11 (4) Tax evasion and other criminal offenses under Chapter II of Title X of the National  
12 Internal Revenue Code of 1997, as amended;

13 (5) Felonies of frauds, illegal exactions and transactions, and malversation of public funds  
14 and property under Chapters III and IV of Title VII of the Revised Penal Code;

15 (6) Tax cases that have become final and executory; and

16 (7) Delinquencies and assessments that have become final and executory.

17 TITLE III

18 CONFIDENTIALITY AND NON-USE OF INFORMATION AND DATA,

19 AND AMENDMENT TO THE STATEMENT OF TOTAL ASSETS

20 AND STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH

21 SEC. 11. *Confidentiality and Non-use of Information and Data in the Statement of Total*  
22 *Assets and Statement of Assets, Liabilities, and Net Worth.* – Any information or data contained  
23 in, derived from or provided by a taxpayer in the Tax Amnesty Return, Statement of Total Assets  
24 or Statement of Assets, Liabilities, and Net Worth, as the case may be and appurtenant  
25 documents shall be confidential in nature and shall not be used in any investigation or  
26 prosecution before any judicial, quasi-judicial, and administrative bodies.

27 Any statement of assets, liabilities and net worth, financial statements, information sheets,  
28 and any such other statements or disclosures that may have been previously submitted by the

1 taxpayer as required by existing laws are deemed to have been amended by the Tax Amnesty  
2 Return and/or the Statement of Total Assets or Statement of Assets, Liabilities, and Net Worth,  
3 as the case may be, filed under this Act and may not be the subject of any investigation or  
4 prosecution or be used in any investigation or prosecution before any judicial, quasi-judicial, and  
5 administrative bodies.

#### 6 TITLE IV

#### 7 GENERAL PROVISIONS

8 SEC. 12. *Information Management System.* – For purposes of enhancing revenue  
9 administration, revenue collection and policy formulation, the Department of Finance, in  
10 coordination with the BIR, Land Registration Authority, Department of Trade and Industry,  
11 Securities and Exchange Commission, Land Transportation Office, and other agencies concerned  
12 shall institute an Information Management Program for the effective use of information declared  
13 or obtained from the Tax Amnesty Returns and Statement of Total Assets or Statement of Assets,  
14 Liabilities, and Net Worth, as the case may be, required to be filed under this Act.

15 All the statements and returns required under this Act shall be filed and processed  
16 separately from all other records of the BIR in accordance with the Implementing Rules and  
17 Regulations of this Act.

18 If the data requirements consist of information found in the income tax return of taxpayers,  
19 the requirements under Section 71 of the National Internal Revenue Code of 1997, as amended,  
20 shall still be complied with. The Information Management System shall also comply with the  
21 provisions of Republic Act No. 10173, otherwise known as the Data Privacy Act and such other  
22 laws relating to confidentiality of information.

#### 23 TITLE V

#### 24 OFFENSES AND PENALTIES

25 SEC. 13. *Unlawful Divulgence of Tax Amnesty Return and Appurtenant Documents.* – It  
26 shall be unlawful for any person having knowledge of the Tax Amnesty Return and appurtenant  
27 documents, to disclose any information relative thereto, and any violation hereof shall be



1 penalized a fine of One Hundred Fifty Thousand Pesos (P150,000.00) and imprisonment of not  
2 less than six (6) years but not more than ten (10) years: *Provided*, That if the offender is an  
3 officer or employee of the BIR or any government entity, the penalties under Section 270 of the  
4 National Internal Revenue Code of 1997, as amended, shall apply: *Provided, further*, That the  
5 offender shall likewise suffer an additional penalty of perpetual disqualification to hold public  
6 office.

7 TITLE VI

8 CONGRESSIONAL OVERSIGHT COMMITTEE

9 AND FINAL PROVISIONS

10 SEC. 14. *Report to Oversight Committee*. – The Commissioner shall submit to the  
11 Oversight Committee referred to in Section 290 of the National Internal Revenue Code of 1997,  
12 as amended, through the Chairpersons of the Committee on Ways and Means of the Senate of the  
13 Philippines and House of Representatives, a detailed report on the implementation of this Act  
14 within six (6) months after the one (1) year period of availment of the General Tax Amnesty.

15 SEC. 15. *Implementing Rules and Regulations*. – The Secretary of Finance shall, in  
16 coordination with the Commissioner of Internal Revenue, promulgate and publish the necessary  
17 rules and regulations of this Act within ninety (90) days from its effectivity.

18 The failure of the Secretary of Finance to promulgate the said rules and regulations shall  
19 not prevent the implementation of this Act upon its effectivity.

20 SEC. 16. *Separability Clause*. – If any provision of this Act is subsequently declared  
21 invalid or unconstitutional, the other provisions hereof which are not affected thereby shall  
22 remain in full force and effect.

23 SEC. 17. *Repealing Clause*. – All other laws, acts, presidential decrees, rules and  
24 regulations or parts thereof inconsistent with the provisions of this Act are hereby expressly  
25 repealed, amended or modified accordingly.

26 SEC. 18. *Effectivity*. – This Act shall take effect fifteen (15) days after its complete  
27 publication in the *Official Gazette* or in at least one (1) newspaper of general circulation.

28 Approved,