


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

7 JUL 16 11:52

SENATE

S.B. No. 1233

RECEIVED BY: 

Introduced by SENATOR JUAN PONCE ENRILE

EXPLANATORY NOTE

Republic Act No. 1125, the "Law Creating the Court of Tax Appeals", as amended by Republic Act 9282, expands the jurisdiction of the Court of Tax Appeals (CTA) and grants the same the jurisdiction to hear civil and criminal actions on tax related cases, with the end in view of fulfilling the constitutional principle of efficient and speedy disposition of justifiable cases. However, the efforts of the Bureau of Internal Revenue (BIR) to collect taxes by effectively prosecuting various tax-related cases remain hampered due to the bureaucratic processes currently existing in our justice system.

On the other hand, Republic Act No. 8424, or the "Tax Reform Act of 1997", provides that civil and criminal actions and proceedings instituted in behalf of the Government shall be conducted by the legal officers of the BIR. However, due to the limited manpower of the BIR, it has become their practice to refer to the Department of Justice (DOJ) various cases relating to collection assessment for the determination of probable cause prior to the filing of appropriate cases.

Contrary to the intent of the law, this present system has reportedly become a breeding ground for corruption as some taxpayers manipulate the system by conniving with the prosecutors of the DOJ to delay resolution of their cases or, in some instances, resolve the cases in their favor.

Hence, this bill. The proposed measure seeks to amend Republic Act 8424 to authorize the legal officers of the BIR to investigate, prosecute, file and handle exclusively all tax-related cases. At the same time, the bill also vests in the Department of Finance the authority to review every criminal complaint before proper cases are filed in court.

When enacted into law, these amendments will allow the Bureau to expand their legal department to provide the necessary assistance in processing these cases. The practice of referring these cases to the DOJ, therefore, will be eliminated and the probability of collusion between the prosecutors of the DOJ and taxpayers will be removed.

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



JUAN PONCE ENRILE
Senator

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AN ACT
MANDATING THE BUREAU OF INTERNAL REVENUE TO EXCLUSIVELY
INVESTIGATE, PROSECUTE AND HANDLE TAX RELATED CASES,
AMENDING SECTION 220, CHAPTER II, TITLE VIII OF REPUBLIC ACT NO.
8424, OTHERWISE KNOWN AS THE "TAX REFORM ACT OF 1997", AND
FOR OTHER PURPOSES

1 Section 1. Section 220, Chapter 11, Title VIII of Republic Act No. 8424,
2 otherwise known as the "Tax Reform Act of 1997, is hereby amended to read as follows:

3 "Sec. 220. *Form [and Mode/ of Proceeding in Actions Arising*
4 *under this Code.* - Civil and criminal actions and proceedings instituted in
5 behalf of the Government under the authority of this Code or other law
6 enforced by the Bureau of Internal Revenue shall be brought in the name
7 of the Government of the Philippines and shall be [conducted]
8 **INVESTIGATED, PROSECUTED AND HANDLED EXCLUSIVELY**
9 by legal officers of the Bureau of Internal Revenue but no civil or criminal
10 action for the recovery of taxes or the enforcement of any fine, penalty or
11 forfeiture under this Code shall be filed in Court without the approval of
12 the Commissioner. **FOR THE PURPOSE, NO REFERRAL BY THE**
13 **BUREAU OF INTERNAL REVENUE TO THE OFFICE OF THE**
14 **SOLICITOR GENERAL, THE DEPARTMENT OF JUSTICE OR ANY**
15 **GOVERNMENT AGENCY SHALL BE ALLOWED IN CONNECTION**
16 **WITH A CIVIL OR CRIMINAL ACTION HANDLED BY THE LEGAL**
17 **OFFICERS OF THE BUREAU OF INTERNAL REVENUE. THE BIR**
18 **SHALL HAVE EXCLUSIVE AUTHORITY TO FILE ANY CIVIL OR**
19 **CRIMINAL CASE DIRECTLY WITH THE PROPER COURT FOR**
20 **THE RECOVERY OF TAXES OR ENFORCEMENT OF ANY FINE,**
21 **PENALTY OR FORFEITURE UNDER THIS CODE: PROVIDED**
22 **THAT, THE DEPARTMENT OF FINANCE SHALL HAVE**
23 **AUTOMATIC REVIEW OVER, AND CONDUCT PRELIMINARY**
24 **INVESTIGATION IN, EVERY CRIMINAL COMPLAINT BEFORE IT**
25 **IS FILED IN COURT."**

1 **Section 2. *Repealing Clause.*** - All laws, orders, issuances, circulars, rules and
2 regulations or parts thereof, which are inconsistent with the provisions of this Act are
3 hereby repealed or modified accordingly.

4
5 **Section 3. *Separability Clause.*** - If any provisions of this Act is declared
6 unconstitutional or invalid, other parts or provisions hereof not affected shall continue in
7 full force and effect.

8
9 **Section 4. *Effectivity*** - This Act shall take effect after fifteen (15) days following
10 its publication in at least two (2) newspapers of general circulation.

11
12 *Approved,*