

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **3832**



Introduced by HON. DANILO E. SUAREZ

EXPLANATORY NOTE

The Department of Finance and the Bureau of Internal Revenue have expressed their goal of increasing revenue collection for 2016 in line with the current administration's expenditure plans and part of improving the fiscal situation of the country. In the first quarter of 2016, the Bureau of Treasury reported Php121.7 billion budget deficit for fiscal year 2015, which is 66 percent higher than that of 2014. The significant increase in the 2015 budget deficit was attributed to government spending in excess of revenue collection. Tax evasion has also proved fatal to the government's efforts in collecting revenue.

As a complement to the present tax policies and fiscal conditions, this bill seeks to provide tax amnesty to cover all internal revenue collections from January 1, 2006, the day after the last tax amnesty coverage, to June 30, 2016. The government intends to clean the slate for delinquent taxpayers and, in effect, encourage all taxpayers especially low-income and middle-income earners, professionals, and Overseas Filipino Workers to avail of this program and register in the BIR. This will result to increased compliance to national tax policies, thereby widening the tax base and reducing corruption. In addition, immunity from criminal charges is provided to discourage tax evasion.

The tax amnesty provided for by Republic Act 9480 dated February 19, 2007, which covered year 2005 and prior years, proved effective as it generated Php5.902 billion, which accounted for 2 percent of the total income taxes collected, and increased the number of taxpayers by 20,629 based on the 2008 Annual Report of the Bureau of Internal Revenue.

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

Representative
3rd District, Quezon Province

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AN ACT GRANTING TAX AMNESTY ON ALL UNPAID INTERNAL REVENUE TAX
LIABILITIES FOR TAXABLE PERIOD JANUARY 2006 TO JUNE 2016

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

1 **SECTION 1. Short Title** – This act shall be known as “The Tax Amnesty Act of 2016”.

2 **SEC. 2. Coverage** – The tax amnesty shall apply to all national internal revenue taxes for period
3 January 1, 2006 to June 30, 2016, with or without assessments duly issued therefor, that have remained
4 unpaid as of June 30, 2016: *Provided*, however, That the amnesty hereby authorized and granted shall
5 not cover persons or cases enumerated under Section 5 hereof.

6 **SEC.3. Scope and Conditions of the Tax Amnesty** – Any person, natural or juridical, who wishes
7 to avail himself of the benefits of the tax amnesty shall file in triplicate a notice and Tax Amnesty Return
8 accompanied by a Statement of Assets, Liabilities and Networth as of June 2016 with the Bureau of
9 Internal Revenue, in such form as shall be prescribed by the Commissioner of Internal Revenue and pay
10 the applicable amnesty tax within six months from the effectivity of the law.

11 **SEC.4 Grant of Tax Amnesty** – Except for the persons or cases covered in Section 5 hereof, any
12 person, whether natural or juridical, may avail himself of the benefits of tax amnesty under this Act, and
13 pay the amnesty tax due thereon, based on his networth as of June 30, 2016 as declared in the SALN as

of said period, in accordance with the following schedule of amnesty tax rates and minimum amnesty tax payments required:

(a) Individuals (whether resident or nonresident citizens, including resident or nonresident aliens), Trusts and Estates-----5% or P50,000, whichever is higher

(b) Corporations

(1) With subscribed capital of above P50 Million----5% or P500,000 whichever is higher

(2) With subscribed capital of above P20 Million

up to P50 Million-----5% or P250,000, whichever is higher

(3) With subscribed capital of P5 Million to

P20 Million-----5% or P100,000, whichever is higher

(4) With subscribed capital of below P5 Million-----5% or P25,000, whichever is higher

(c) Other juridical entities, including, but not limited to, cooperatives and foundations, that have become taxable as of June 30, 2016. -----5% or P50,000, whichever is higher

(d) Taxpayers who filed their balance sheet/SALN, together with their income tax returns for 2015, and who desire to avail of the tax amnesty under this Act shall amend such previously filed statements by including still undeclared assets and/or liabilities and pay an amnesty tax equal to five percent (5%) based on the resulting increase in networth: *Provided*, That such taxpayers shall likewise be categorized in accordance with, and subjected to the minimum amounts of amnesty tax prescribed under the provisions of this Section.

SEC. 5. Exceptions – All taxpayers may avail themselves of the amnesty granted herein except that the immunities in Section 7 shall not apply to the following cases, insofar as the internal revenue tax liabilities involved therein are concerned:

(a) Withholding agents with respects to their withholding tax liabilities;

(b) Those with pending cases falling under the jurisdiction of the Presidential Commission on Good Government;

- (c) Those with pending cases involving unexplained or unlawfully acquired wealth or under the Anti-Graft and Corrupt Practices Act;
- (d) Those with pending cases filed in court involving violation of the Anti-Money Laundering Law;
- (e) Those with pending criminal cases for tax evasion and other criminal offenses under Chapter II of Title X of the National Internal Revenue Code of 1997, as amended, and the felonies of frauds, illegal exactions and transactions, and malversation of public funds and property under Chapters III and IV of Title VII of the Revised Penal Code; and
- (f) Tax cases subject of final and executory judgment by the courts.

SEC. 6. When and Where to File and Pay – The notice and amnesty return, together with the Statement of Assets, Liabilities and Networth, if applicable, shall be prepared and filed in triplicate, and shall be filed on or before December 31, 2017 at the Office of the Revenue District Officer which has jurisdiction over the legal residence or principal place of business of the filer. The Revenue District Officer shall issue an acceptance of payment form to an authorized agent bank, or in the absence thereof, the Collection Agent or Municipal Treasurer concerned to accept the amnesty tax. The Commissioner of Internal Revenue may extend the time allowed for filing the amnesty return provided that such extension shall not be later than February 28, 2018.

SEC. 7. Immunities and Privileges – Those who availed themselves of the tax amnesty under Section 5 hereof, and have fully complied with all its conditions shall be entitled to the following immunities and privileges:

- (a) The taxpayer shall be immune from the payment of taxes, as well as addition thereto, and the appurtenant civil, criminal or administrative penalties under the National Internal Revenue Code of 1997, as amended, arising from the failure to pay any and all internal revenue taxes for taxable period January 2006 to June 2016.
- (b) The taxpayer's Tax Amnesty Returns and the SALN as of June 30, 2016 shall not be admissible as evidence in all proceedings that pertain to taxable period January 2006 to

1 June 2016, insofar as such proceedings relate to internal revenue taxes, before judicial,
2 quasi-judicial or administrative bodies in which he is a defendant or respondent, and
3 except for the purpose of ascertaining the networth beginning July 1, 2016, the same
4 shall not be examined, inquired or looked into by any person or government office.
5 However, the taxpayer may use this as a defense, whenever appropriate, in cases brought
6 against him.

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

13 All these immunities and privileges shall not apply where the person failed to file a SALN and the Tax
14 Amnesty Return, or where the amount of networth as of June 30, 2016 is proven to be understated to the
15 extent of thirty percent (30%) or more, in accordance with the provisions of Section 3 hereof.

16 **SEC. 8. Unlawful Divulgence of Amnesty Tax Return and Statement of Assets, Liabilities and**
17 **Networth** – Except as otherwise provided herein and in Section 14 hereof, it shall be unlawful for any
18 person having knowledge of the Tax Amnesty Return and SALN filed pursuant hereto, to disclose any
19 information relative to such declaration and statement, and any violation hereof shall subject the offender
20 to the penalties under Section 10 (c) of this Act: *Provided*, however, That the Commissioner of Internal
21 Revenue may disclose the content of the Tax Amnesty Return and the SALN upon the request of
22 Congress pursuant to and in accordance with Section 20 (A) or Section 290 of the National Internal
23 Revenue Code of 1997, as amended.

24 **SEC. 9. Penalty** –

- 1 (a) Any person who, having filed a statement or Tax Amnesty Return under this Act,
2 wilfully understates his networth to the extent of thirty percent (30%) or more shall,
3 upon conviction, be subject to the penalties of perjury under the Revised Penal Code.
- 4 (b) The wilful failure to declare any property in the statement and/or in the Tax Amnesty
5 Return shall be deemed in prima facie evidence of fraud and shall constitute a ground
6 upon which attachment of such property may be issued in favor of the BIR to answer for
7 the satisfaction of any judgment that may be acquired against the declarant.
- 8 (c) In addition to the penalties provided in paragraphs (a) and (b) above, immediate tax
9 fraud investigation shall be conducted to collect all taxes due, including increments, and
10 to criminally prosecute those found to have wilfully evaded lawful taxes due.
- 11 (d) In the case of associations, partnerships, or corporations, the penalty shall be imposed on
12 the partner, president, general manager, branch manager, treasurer, officer-in-charge and
13 employees responsible for the violation.
- 14 (e) Any person who makes an unlawful divulgence of the Tax Amnesty Return or the
15 SALN shall be penalized by a fine of not less than Fifty thousand pesos (P50,000.00)
16 and imprisonment of not less than six years but not more than ten (10) years.

17 If the offender is an officer or employee of the BIR or any government entity, he/ she shall likewise
18 suffer an additional penalty of perpetual disqualification to hold public office to vote and to participate in
19 any public election.

20 **SEC. 10.** This Act shall not, in any way, mend, alter or repeal the provisions of Republic Act
21 No. 1405, otherwise known as "The Bank Secrecy Law".

22 **SEC. 11. Implementing Rules and Regulations-** The Secretary of Finance shall upon the
23 recommendation of the Commissioner of Internal Revenue, promulgate and publish the necessary rules
24 and regulations for the effective implementation of this Act. Such rules and regulations shall be strictly
25 confined to and based on the provisions herein stipulated.

1 **SEC. 12. Repealing Clause** – All laws, decrees, executive orders, rules and regulations and
2 issuances or parts thereof which are inconsistent with this Act are hereby repealed or amended
3 accordingly.

4 **SEC. 13. Effectivity** – This Act shall take effect fifteen (15) days after its publication in the
5 Official Gazette or in any two newspapers of general circulation in the Philippines, whichever comes
6 earlier.

7 Approved,