

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session

House Bill No. 883



Introduced by **MAGDALO Party-List Representative**  
**HON. MANUEL DG. CABOCHAN III**

**EXPLANATORY NOTE**

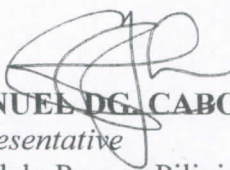
Republic Act No. 2338, otherwise known as the Informer's Reward Law, was enacted to help the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) run after tax cheats, tax evaders, and smugglers. This law awards fifteen percent (15%) of the amount recovered to any person who voluntarily gives definite information to the BIR and BOC on any tax fraud or smuggling case which results to the recovery of revenues, surcharges or fees and/or conviction of the guilty party.

However, this law was modified when the Tax Reform Act of 1997 (RA 8424) was enacted. Section 282 thereof provides that only a mere ten percent (10%) reward or One Million pesos (Php1,000,000.00), whichever is lower, shall be given to any tax informer.

The new law effectively discourages tax informers to report fraud involving Ten Million pesos (Php10,000,000.00) or more because no matter how big the tax frauds and liabilities are involved in a case, an informer would only get a maximum of One Million pesos (Php1,000,000.00)

As a result, collection inefficiency or tax enforcement and administration by the BIR and BOC have deteriorated. Meanwhile, collection goals and targets are not attained while the so-called "vaunted drive" of the government to improve tax collections, administration and enforcement has yet to bear fruit.

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

  
**MANUEL DG. CABOCHAN III**  
*Representative*  
Magdalo Para sa Pilipino Party-List

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**AN ACT**  
**CONSOLIDATING THE LAWS GRANTING REWARDS TO INFORMERS OF**  
**VIOLATIONS OF INTERNAL REVENUE AND CUSTOMS LAWS, REPEALING**  
**FOR THIS PURPOSE SECTION 282 OF THE NATIONAL INTERNAL REVENUE**  
**CODE OF 1997, SECTION 3513 OF THE TARIFF AND CUSTOMS CODE OF THE**  
**PHILIPPINES, AND FOR OTHER PURPOSES**

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

1       **SECTION 1.** Any person, except internal revenue or customs officials or employees,  
2 or any public official or employee or said officials' or employees' relative within the third  
3 degree of consanguinity or affinity, who voluntarily gives definite and sworn information, not  
4 yet in the possession of the Bureau of Internal Revenue (BIR) or the Bureau of Customs  
5 (BOC), stating facts personally known to him which could lead to the discovery of fraud  
6 upon the internal revenue or customs laws, or violation of any provision thereof, thereby  
7 resulting in the recovery of revenues, surcharges and fees and/or the conviction of the guilty  
8 party and/or the imposition of any fine or penalty, shall be rewarded in a sum equivalent to  
9 ten percent (10%) of the revenues, surcharges or fees actually recovered and/or fine penalty  
10 imposed and actually collected. The same amount of reward shall also be given to informers  
11 in cases where the violator has offered to compromise the violation of law committed by him  
12 and his offer has been accepted by the Commissioner on Internal Revenue or the  
13 Commissioner of Customs, as the case may be, and in such case, the ten percent (10%)  
14 reward fixed herein shall be based on the amount agreed upon in the compromise and  
15 actually collected from the violator: *Provided*, That should no revenues, surcharges or fees  
16 and/or fine or penalty is actually recovered or collected in accordance with law, such persons  
17 should not be entitled to a reward: *Provided further*, That the information required shall not  
18 refer to a case already pending or previously investigated or examined by the Commissioner  
19 of Internal Revenue or the Commissioner of Customs, or any of their deputies, agents or  
20 examiners, as the case may be, and that the reward provided herein shall be paid under  
21 regulations issued by the Secretary of Finance. The reward herein authorized shall be paid out  
22 of revenues, surcharges or fees and/or fine or penalty actually recovered or collected and  
23 accounted for in accordance with law as a result of the information furnished by the informer.

24  
25       **SEC. 2.** (a) Applications for rewards granted herein amounting to One million pesos  
26 (Php1,000,000.00) and below shall be filed by the informer with the Office of the  
27 Commissioner of the BIR or the Commissioner of the BOC, as the case may be, who shall  
28 render a final disposition thereof.  
29



1 (b) Applications for rewards granted herein amounting to more than One million  
2 pesos (Php 1,000,000.00) shall, upon the approval of the reward, be automatically reviewed  
3 by the Secretary of Finance.  
4

5 (c) In both cases, the rewards granted shall be paid to the informer only after  
6 revenues, surcharges or fees and/or fine or penalty actually recovered or collected in  
7 accordance with law, and after all reports and documents required for the evaluation and  
8 approval of the claim for informer's reward, including the endorsement by the Commissioner  
9 of the BIR of the Commissioner of the BOC, as the case may be, shall have been submitted to  
10 the Department of Finance (DOF) in the appropriate cases.  
11

12 (d) The rewards of the informers shall be subject to income tax, collected as a final  
13 withholding tax, at the rate of twenty percent (20%).  
14

15 **SEC. 3.** It shall be unlawful for any official or employee of the BIR, the BOC or the  
16 DOF to disclose or reveal the name of any informer. The identity of the informer shall not be  
17 revealed except (a) when the informer has given his written consent; or (b) when the  
18 information he has provided is proven to be malicious or false.  
19

20 Disclosure of such confidential information shall be punished by a fine of not less  
21 than Five hundred thousand pesos (Php 500,000.00) but not more than One million pesos  
22 (Php 1,000,000.00) and suffer imprisonment of not less than ten (10) years but not more than  
23 fifteen (15) years and shall likewise suffer an additional penalty of perpetual disqualification  
24 to hold public office, to vote and to participate in any public election.  
25

26 Should the information later turn out or be proven to be false or have been made only  
27 for the purpose of harassing, molesting or in any way prejudicing the person so denounced,  
28 the person so denounced shall be entitled to any action, criminal or civil, as the facts may  
29 warrant.  
30

31 **SEC. 4.** The following laws or provisions of laws are hereby repealed:  
32

- 33 a) Section 282 of Republic Act No. 8424, the National Internal Revenue Code of 1997,  
34 as amended;  
35  
36 b) Section 3513 of the Tariff and Customs Code of the Philippines, as amended;  
37  
38 c) Republic Act No. 2338 entitled, "An Act to Provide for Reward to Informers of  
39 Violations of the Internal Revenue and Customs Laws, as Amended"; and  
40  
41 d) All other laws, decrees, executive orders, issuances and rules and regulations or parts  
42 thereof that are contrary to and inconsistent with any provision of this Act are hereby  
43 repealed, amended or modified accordingly.  
44

45 **SEC. 5.** If any part or provision of this Act is subsequently declared unconstitutional,  
46 the validity of the remaining provisions hereof which shall remain in full force and effect.  
47

48 **SEC. 6.** This Act shall take effect fifteen (15) days after its publication in the Official  
49 Gazette or in at least two (2) newspaper of general circulation.

*Approved,*