

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

'17 JUN 27 A11:56

SENATE
S.B. No. 1494

RECEIVED BY: 

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

**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 2015 AND PRIOR YEARS**

EXPLANATORY NOTE

Tax collection remains a major challenge in the country with tax evasion as a recurring issue.

A total of 492 tax evasion cases were filed under the Bureau of Internal Revenue (BIR) since 2010, none of which have been resolved until the present.

While it is important to impose reforms to improve tax collection and the ease of paying taxes, we must also encourage individuals who have missed tax payments in the past to start paying their taxes again.

For many of these individuals, penalties incurred for tax evasion have accumulated, discouraging them to file their taxes even when they would otherwise be willing.

This measure will provide tax amnesty to support individuals who were unable to pay their taxes from 2015 and prior years.

By granting a tax amnesty, more individuals will be encouraged to return to the formal tax system, promoting proper revenue administration and collection.

Furthermore, this measure will broaden the tax base of the BIR and promote a higher collection of tax revenues.

Finally, it will incentivize underground operations to become legitimate, bringing them to a more formalized government system.

Let's encourage more Filipinos to contribute willingly to the nation by being honest taxpayers.

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


PAOLO BENIGNO "BAM" AQUINO IV



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

1 **SECTION 1. Coverage.** — A tax amnesty is hereby authorized and granted covering
2 all national internal revenue taxes for the taxable year 2015 and prior years, with or
3 without assessments duly issued therefore, that have remained unpaid as of December
4 31, 2015: Provided, however, That the amnesty hereby authorized and granted shall not
5 cover persons or cases enumerated under Section 8 hereof.

6 **SEC. 2. Grant of Tax Amnesty.** — Except for the persons or cases covered in Section
7 8 hereof, any person, whether natural or juridical, may avail himself of the benefits of
8 tax amnesty under this Act, and pay the amnesty tax equivalent to five percent (5%) of
9 its Increase in Net Worth or twenty percent (20%) of its Increase in its Gross Revenues
10 as of December 31, 2015, whichever is higher.

11 The Increase in Net Worth shall be the difference between the net worth shown in
12 the Adjusted Balance Sheet and the net worth shown balance sheet of the financial
13 statements for the year ending December 31, 2015 filed with the Bureau of Internal
14 Revenue (BIR). The Increase in Gross Revenues shall be the difference between the
15 gross revenues declared in the Adjusted Income Statement and the gross revenues
16 declared in the taxpayer's income statement for the year ending December 31, 2015
17 filed with the BIR.

1 **SEC. 3. *Availment of the Amnesty.*** — Any person, natural or juridical, who wishes
2 to avail himself of the tax amnesty authorized and granted under this Act shall file with
3 the BIR a notice and Tax Amnesty Return accompanied by its Adjusted Balance Sheet
4 and Adjusted Income Statement (collectively, the “Adjusted Financial Statements”) as of
5 December 31, 2015 and pay the applicable amnesty tax within thirty (30) days from the
6 filing of the return.

7 **SEC. 4. *What to Declare in the Adjusted Balance Sheet.*** — The Adjusted Balance
8 Sheet shall contain a declaration of the assets, liabilities and net worth as of December
9 31, 2015, as follows:

- 10 1. Assets within or without the Philippines, whether real or personal, tangible or
11 intangible, whether or not used in trade or business: Provided, That property
12 other than money shall be valued at the cost at which the property was
13 acquired: Provided, further, That foreign currency assets and/or securities shall
14 be valued at the rate of exchange prevailing as of December 31, 2015;
- 15 2. All existing liabilities which are legitimate and enforceable, secured or
16 unsecured, whether or not incurred in trade or business; and
- 17 3. The net worth of the taxpayer, which shall be the difference between the total
18 assets and total liabilities.

19 **SEC. 5. *Presumption of Correctness of the Adjusted Balance Sheet.*** — The
20 Adjusted Balance Sheet as of December 31, 2015 shall be considered as true and correct
21 except where the amount of declared net worth shall be found to be understated to the
22 extent of fifty percent (50%) or more as may be established in proceedings initiated by,
23 or at the instance of, parties other than the BIR or its agents: Provided, That such
24 proceedings must be initiated within one year following the date of the filing of the tax
25 amnesty return and the Adjusted Balance Sheet

26 **SEC. 6. *Immunities and Privileges.*** — Those who availed themselves of the tax
27 amnesty under Section 2 hereof, and have fully complied with all its conditions shall be
28 entitled to the following immunities and privileges:

- 29 1. The taxpayer shall be immune from the payment of taxes, as well as addition
30 thereto, and the appurtenant civil, criminal or administrative penalties under the
31 National Internal Revenue Code of 1997, as amended, arising from the failure to
32 pay any and all internal revenue taxes for taxable year 2015 and prior years.
- 33 2. The taxpayer's Tax Amnesty Returns and the Adjusted Financial Statements as of
34 December 31, 2015 shall not be admissible as evidence in all proceedings that
35 pertain to taxable year 2015 and prior years, insofar as such proceedings relate
36 to internal revenue taxes, before judicial, quasi-judicial or administrative bodies

1 in which he is a defendant or respondent, and except for the purpose of
2 ascertaining the net worth beginning January 1, 2006, the same shall not be
3 examined, inquired or looked into by any person or government office. However,
4 the taxpayer may use this as a defense, whenever appropriate, in cases brought
5 against him.

- 6 3. The books of accounts and other records of the taxpayer for the years covered
7 by the tax amnesty availed of shall not be examined, except where examination
8 is necessary verify the validity or correctness of a claim for any tax refund, tax
9 credit (other than refund or credit of taxes withheld on wages), tax incentives,
10 and/or exemptions under existing laws.

11 **SEC. 7. When and Where to File and Pay.** — The filing of the Tax Amnesty Return
12 and the payment of the amnesty tax for those availing themselves of the tax amnesty
13 shall be made within six months starting from the effectivity of this Act. It shall be filed
14 at the office of the Revenue District Officer, which has jurisdiction over the legal
15 residence or principal place of business of the filer. The Revenue District Officer shall
16 issue an acceptance of payment form authorizing an authorized agent bank, or in the
17 absence thereof, the collection agent or municipal treasurer concerned, to accept the
18 amnesty tax payment

19 **SEC. 8. Exceptions.** — The tax amnesty provided under this Act shall not extend to
20 the following persons or cases existing as of the effectivity of this Act:

- 21 1. Withholding agents with respects to their withholding tax liabilities;
- 22 2. Those with pending cases falling under the jurisdiction of the Presidential
23 Commission on Good Government;
- 24 3. Those with pending cases involving unexplained or unlawfully acquired wealth or
25 under the Anti-Graft and Corrupt Practices Act;
- 26 4. Those with pending cases filed in court involving violation of the Anti-Money
27 Laundering Law;
- 28 5. Those with pending criminal cases for tax evasion and other criminal offenses
29 under Chapter II of Title X of the National Internal Revenue Code of 1997, as
30 amended, and the felonies of frauds, illegal exactions and transactions, and
31 malversation of public funds and property under Chapters III and IV of Title VII of
32 the Revised Penal Code; and
- 33 6. Tax cases subject of final and executory judgment by the courts.

34 **SEC. 9. Unlawful Divulgence of Tax Amnesty Return and Statement of Assets,**

1 **Liabilities and Net Worth.** — Except as otherwise provided herein and in Section 14
2 hereof, it shall be unlawful for any person having knowledge of the Tax Amnesty Return
3 and Adjusted Financial Statements filed pursuant hereto, to disclose any information
4 relative to such declaration and statement, and any violation hereof shall subject the
5 offender to the penalties under Section 10 (c) of this Act: Provided, however, That the
6 Commissioner of Internal Revenue may disclose the content of the Tax Amnesty Return
7 and the Adjusted Financial Statements upon the request of Congress pursuant to and in
8 accordance with Section 20(A) or Section 290 of the National Internal Revenue Code of
9 1997, as amended.

10 **SEC. 10. Penalties.** —

- 11 1. Any person who, having filed a statement or Tax Amnesty Return under this Act,
12 willfully understates his net worth to the extent of fifty percent (50%) or more
13 shall, upon conviction, be subject to the penalties of perjury under the Revised
14 Penal Code.
- 15 2. The willful failure to declare any property in the statement and/or in the Tax
16 Amnesty Return shall be deemed in prima facie evidence of fraud and shall
17 constitute a ground upon which attachment of such property may be issued in
18 favor of the BIR to answer for the satisfaction of any judgment that may be
19 acquired against the declarant.
- 20 a. In addition to the penalties provided in paragraphs (a) and (b) above,
21 immediate tax fraud investigation shall be conducted to collect all taxes
22 due, including increments, and to criminally prosecute those found to
23 have willfully evaded lawful taxes due.
- 24 b. In the case of associations, partnerships, or corporations, the penalty
25 shall be imposed on the partner, president, general manager, branch
26 manager, treasurer, officer-in-charge and employees responsible for the
27 violation.
- 28 3. Any person who makes an unlawful divulgence of the Tax Amnesty Return or the
29 Adjusted Financial Statements, or any portion thereof, shall be penalized by a
30 fine of not less than One Hundred thousand pesos (P100,000.00).
- 31 a. If the offender is an officer or employee of the BIR or any government
32 entity, he/ she shall likewise suffer an additional penalty of perpetual
33 disqualification to hold public office to vote and to participate in any
34 public election.

35 **SEC. 11. Implementing Rules and Regulations.** — The Secretary of Finance shall,
36 in coordination with the Commissioner of Internal Revenue, promulgate and publish the

1 necessary rules and regulations within sixty (60) days from the effectivity of this Act.

2 **SEC. 12. Effectivity.** — This Act shall take effect fifteen (15) days after its
3 publication in the Official Gazette or in at least two (2) newspapers of general
4 circulation.

5 *Approved,*