

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Diliman, Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2500



Introduced by : HON. MAURICIO G. DOMOGAN

EXPLANATORY NOTE

This bill intends to amend Section 58(A), Section 77(A), and Section 81 of Republic Act 8424, otherwise known as the "Tax Reform Act of 1997".

Except for real estate taxes and business permit fees, many huge corporations, trading or retail, to include the Top 10 tax paying corporations in the Philippines and their branches, usually file their quarterly income tax returns and pay their taxes where their respective principal head offices and books of accounts are located. Many of these corporations act as collection agents of the withholding taxes of their employees and remit these amounts in the same said places where their head offices are located.

A clear example of this practice is the system of huge corporation malls, trading and retail corporations who operate in Baguio City, Urdaneta City, and some other cities who file their income tax returns and pay their taxes in Cavite or Metro Manila where their head offices are located. This practice, though permitted by RA 8424, must stop. It deprives the local government units a good source of added income to move forward in their bid for fiscal autonomy and their opportunity to push forward with their particular development agenda and programs as permitted by RA 7160. Besides, such a practice makes these local government units just milking cows of these huge trading or retail corporations.

Added to this fact is that the clause "except as the Commissioner otherwise permits", as found in Sections 58(A), 77(A) and 81 of R.A. 8424 gives a leeway or option for the Commissioner to permit the corporations to file their income tax returns and pay their taxes where their home offices are located. It is respectfully submitted that the elimination of said clause will bring about better transparency in the collection system of the government of taxes due to it and will actually oblige these corporations to pay the proper taxes they are supposed to pay.

In view of the foregoing and in line with the urgency of such an Act to support the present government's campaign against "katiwalian" in the most sensitive collection agencies of the government, approval of this bill is highly sought.


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AN ACT AMENDING SECTION 58(A), SECTION 77 (A), AND SECTION 81 OF REPUBLIC ACT 8424, OTHERWISE KNOWN AS THE "TAX REFORM ACT OF 1997", AND FOR OTHER PURPOSES.

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

Section 1. Section 58(A) of R.A. 8424 is hereby amended to read as follows:

“SEC.58. Return of Payments of Taxes Withheld at Source-

(A).Quarterly Returns and Payments of Taxes Withheld. – Taxes deducted and withheld under Section 57 by withholding agents shall be covered by a return and paid to {except in cases where the Commissioner otherwise permits} an authorized agent bank, Revenue District Officer, or duly authorized Treasurer of the HOST CITY OR MUNICIPALITY AND PROVINCE WHERE THE WITHHOLDING AGENT OPERATES HIS BUSINESS OR WHERE THE WITHHOLDING AGENT IS A CORPORATION, WHERE IT ACTUALLY OPERATES ITS BUSINESS”, PROVIDED THAT THE SAID HOST LOCAL GOVERNMENT UNITS SHALL, IN ADDITION TO THE INTERNAL REVENUE ALLOTMENT, HAVE A SHARE OF FORTY PERCENT (40%) OF THE GROSS COLLECTION DERIVED BY THE NATIONAL GOVERNMENT FROM THE PRECEDING FISCAL YEAR FROM BUSINESS TAXES, FEES OR CHARGES, INCLUDING RELATED SURCHARGES, INTERESTS OR FINES, AND FROM THEIR SHARE IN ANY CO-PRODUCTION, JOINT VENTURE OR PRODUCTION SHARING AGREEMENT IN THE BUSINESS OPERATIONS OF SUCH CORPORATIONS; PROVIDED FURTHER THAT PERSONS, NATURAL OR JURIDICAL ENGAGED IN CORPORATE BUSINESS, SHALL PAY DIRECTLY THE ABOVE MENTIONED 40% OF CORPORATE TAXES TO THE HOST CITY, OR MUNICIPALITY AND PROVINCE, AND THE REMAINING 60% TO THE NATIONAL GOVERNMENT.

The taxes deducted and withheld by the withholding agent shall be held as a special fund in trust for the government until paid to the collecting officers”.

Section 2. Section 77(A) of the same Act is hereby amended to read as follows:

“SEC. 77. Place and Time of Filing and Payment of Quarterly Corporate Income Tax.

“(A) Place of Filing. {Except as the Commissioner otherwise permits}, The quarterly income tax declaration required in Section 75 and the final adjustment return required in section 76 shall be filed with the authorized agent bank, collection agent, or the duly authorized treasurer of the HOST CITY OR MUNICIPALITY AND PROVINCE WHERE THE CORPORATION OR BRANCH CORPORATION OPERATES ITS BUSINESS”, THE SAME PROVISIO OF SEC. 58(A) APPLYING.

Section 3. Section 81 of the same Act is hereby amended to read as follows:

“SEC.81.{Except as the Commissioner otherwise permits} Filing of Return and Payment of Taxes Withheld. Taxes deducted and withheld by the employer on wages of employees shall be covered by a return and paid to an authorized agent bank, collection agent, or duly authorized treasurer of the HOST CITY OR MUNICIPALITY AND PROVINCE WHERE THE EMPLOYER OPERATES HIS BUSINESS, OR IN THE CASE THE EMPLOYER IS A CORPORATION WHERE IT OPERATES ITS BUSINESS, THE PROVISIO OF SEC. 58(a) APPLYING.

Section 4. The clause “except as the Commissioner otherwise permits” is hereby deleted in Sections 58(A), 77(A) and 81.

Section 5. All laws, executive orders, decrees, rules and regulations or ~~part~~ thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

Section 6. This Act shall take effect upon approval.

Approved.