

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 2895



Introduced by Representative JESUS CRISPIN C. REMULLA

AN ACT
REQUIRING TAXPAYERS THE ANNUAL FILING OF STATEMENT OF
ASSETS, LIABILITIES AND NETWORTH, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This House Bill proposes the mandatory submission of a Statement of Assets, Liabilities and Networth (SALN) as of December 31, 2004 and as of end of every year thereafter, by every person, whether natural or juridical, who derives income of more than Two hundred thousand pesos (P200,000.00) or owning real and/or personal properties with an acquisition cost of at least Five hundred thousand pesos (P500,000.00) with the Bureau of Internal Revenue (BIR). Non-declaration or misdeclaration of assets, liabilities and networth shall be sanctioned. Penalties shall be imposed upon any person who willfully fails to file a SALN or understates his/her networth to the extent of thirty percent (30%) or more. The willful failure to declare any property in the SALN shall be deemed *prima facie* evidence of fraud and shall constitute a ground upon which attachment of such property may be issued in favor of the BIR to answer for the satisfaction of any judgment that may be acquired against the declarant.

This Bill is an important proposal which will be a potent, enabling tool for fiscal policymakers and revenue administrators to develop a comprehensive and meaningful taxpayer information database to strengthen their capability to pursue good tax policies and to strictly enforce tax laws. This will equip the tax administrators with tools to establish benchmarks for assessment purposes, as

well as complement their capability in their ongoing taxpayer mapping and zoning programs. With good tax policies and tax enforcement, tax compliance among taxpayers will undoubtedly improve which will translate to enhanced revenue collections.

To ensure that this objective is attained, given the substantive information that will be culled from the said statement, this bill mandates the Department of Finance (DoF), in coordination with the Bureau of Internal Revenue (BIR), Land Transportation Office (LTO), Land Registration Authority (LRA) and the Securities and Exchange Commission (SEC) to institute an Information Management Program for the effective use of the said information for the purposes of enhancing revenue administration, revenue collection and policy formulation.

To accomplish the noble objectives of this bill, its immediate approval is earnestly sought.



JESUS CRISPIN C. REMULLA
Representative
3rd District of Cavite

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

SECTION 1. Annual Filing of Statement of Assets, Liabilities and Networth (SALN). - It shall be mandatory for every person, natural and juridical, deriving gross income of more than Two hundred thousand pesos (P200,000.00) or owning real and/or personal properties, wherever situated, with an acquisition cost of at least Five hundred thousand pesos (P500,000.00), to render a true and correct SALN as of December 31, 2004 in such form as may be prescribed by the Commissioner of Internal Revenue, and as of the end of every succeeding year thereafter. The SALN as of December 31, 2004 shall be filed on or before April 15, 2005, and that succeeding SALNs shall be filed on or before April 15 of the immediately following year. The SALN shall be filed at the Office of the Revenue District Officer which has jurisdiction over the legal residence or principal place of business of the filer.

Sec. 2. What to Declare. - The SALNs required under Section 1 hereof, shall contain a declaration of the assets, liabilities and networth, as follows:

(a) Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business;

(b) All existing liabilities which are legitimate and enforceable, secured or unsecured, whether or not incurred in trade or business; and

(c) The networth of the taxpayer, which shall be the difference between the total assets and total liabilities.

Sec. 3. Unlawful Divulgence of SALN. - Except as otherwise provided herein and in Section 5 hereof, it shall be unlawful for any person having knowledge of the SALN filed pursuant to Section 1 hereof, to disclose any information relative to such declaration and statement, and any violation thereof shall subject the offender to the penalties under Section 4 (d) of this Act: *Provided, however,* That the Commissioner of Internal Revenue may disclose the content of the SALN upon the request of Congress pursuant to and in accordance with Section 20 (A) or Section 290 of the National Internal Revenue Code of 1997, as amended.

Sec. 4. Penalties. - (a) Any person required under this Act or by regulations promulgated thereafter to file a SALN, who willfully fails to file such statement shall, upon conviction, be fined for not less than Fifty thousand pesos (P50,000.00) and suffer imprisonment of not less than one (1) year but not more than six (6) years, or as decided by the courts.

(b) Any person who, having filed a statement under this Act, willfully understates his networth to the extent of thirty percent (30%) or more shall, upon conviction, be subject to the penalties of perjury under the Revised Penal Code.

In the case of associations, partnerships or corporations, the penalty shall be imposed on the partner, president, general manager, branch manager, treasurer, officer-in-charge and employees responsible for the violation.

(c) The failure to declare any property or properties with aggregate value equivalent to at least 30% of the total assets, had all such assets been declared, shall be deemed a *prima facie* evidence of fraud and shall constitute a ground upon which attachment of such property or properties may be issued in favor of the Bureau of Internal Revenue (BIR) to answer for the satisfaction of any judgment that may be acquired against the declarant.

(d) Except as may be authorized by law or for the purpose set forth in Section 5 of this Act, divulgence of the SALN shall be penalized by a fine in the amount of not less than Fifty thousand pesos (P50,000.00) and imprisonment of not less than one (1) year but not more than six (6) years, or as decided by the courts.

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

Sec. 5. *Information Management Program.* - The Department of Finance (DoF), in coordination with the Bureau of Internal Revenue (BIR), Land Transportation Office (LTO), Land Registration Authority (LRA) and the Securities and Exchange Commission (SEC) shall institute an Information Management Program for effective use of information declared or obtained from the SALNs required to be filed pursuant to Section 1 of this Act, for purposes of enhancing revenue administration, revenue collection and policy formulation.

Sec. 6. *Implementing Rules and Regulations.* - The Secretary of Finance shall, in coordination with the Commissioner of Internal Revenue, promulgate and publish the necessary rules and regulations for the effective implementation of this Act.

Sec. 7. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any two (2) newspapers of general circulation, whichever comes earlier.

Approved,