

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

Thirteenth Congress
First Regular Session

House Bill No. 3656



Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

This bill seeks to prohibit the sale, transfer, convey or re-assign tax credit certificates that had been the subject of much abuse by the beneficiaries.

To encourage foreign investments and investments in export businesses, Executive Order No. 226, in particular, Article 39 thereof, provides for certain incentives, to wit: Tax and Duty Exemption on Imported Capital Equipment and Accompanying Spare Parts; Tax Credit on Domestic Capital Equipment; and Tax Credit for Taxes and Duties on Raw Materials.

Much as the intention of the Order is laudable, it has been reported that those who are entitled to them had abused the said incentives with impunity. This is possible because the tax credit certificates issued by the Commissioner of the Bureau of Internal Revenue evidencing entitlement to the tax credits may be passed on to others. In sum, money lost to the government because of the availment of tax credits amount to billions, if not billions of pesos. In this time of financial crisis, every tax uncollected counts. We cannot accommodate unscrupulous businessmen at the expense of public service. Hence, this bill.

In view of the foregoing circumstances, approval of this bill is earnestly requested.


CATALINO V. FIGUEROA

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**AN ACT
PROHIBITING THE SALE, TRANSFER AND RE-ASSIGNMENT OF TAX
CREDIT CERTIFICATES, AMENDING FOR THE PURPOSE THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

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

SECTION 1. SECTION 204, paragraph © of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund (or credit) Taxes. –

C. Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for

credit or refund within two (2) years after the payment of the tax or penalty: Provided, however, That a return filed showing an overpayment shall be considered as a written claim for credit or refund **and that tax credit certificates shall be considered non-transferable nor can be subject to any sale or conveyance.**

x x x x"

SEC. 2. This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.

Approved,