

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Fifteenth Congress
First Regular Session

House Bill No. **869**

Introduced by the Honorable Simeon A. Datumanong

Explanatory Note

While the government has effectively enacted measures to increase and enhance revenue generation, there still exist loopholes in the collection efforts particularly those related to the collection of fees, penalties, and other charges imposed by government agencies. An example is the proliferation of fake receipts, invoices, orders of payment and other official government forms, which cause significant losses to the government.

The objective of this bill is to require all government agencies, instrumentalities, local government units and government owned and controlled corporations, to use security paper either made from indigenous materials or water-marked security paper in their receipts and invoices, permits, licenses, clearances, official papers or documents. A *watermark*, will be the security feature of such payment-related and other official forms, and shall bear the seal of the covered institutions.

This way, verification of the authenticity of the document can immediately be made simply by examining the paper's watermark. Consequently, collection of taxes, and other forms of payment to the government will be greatly strengthened because it will significantly minimize, if not eliminate, the use of fake receipts and other official payment forms in transactions with the government.

This Bill was previously filed in the 14th Congress and was authored by this representation, together with congressmen Velarde, Coscolluela, Tieng, Codilla, Javier, Gonzales (N) and De Guzman. The contents of this Bill was in consonance with the consolidated version, which was approved by the House of Representatives on third reading.


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2nd District, Maguindanao

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AN ACT
REQUIRING ALL GOVERNMENT AGENCIES, INSTRUMENTALITIES, LOCAL GOVERNMENT UNITS AND GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS TO USE SECURITY PAPER MADE FROM INDIGENOUS MATERIALS OR WATER-MARKED SECURITY PAPER IN THEIR RECEIPTS AND INVOICES, PERMITS, LICENSES, CLEARANCES, OFFICIAL PAPERS OR DOCUMENTS.

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

SECTION 1. Title – This Act shall be known as the “Use of Security Water-Marked Paper in all Receipts and Invoices, Permits, Licenses, Clearances, Official Papers or Documents Act of 2010.”

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to:

- (a) Enhance tax monitoring and collection;
- (b) Increase revenue collection; and
- (c) Avoid tax fraud and graft and corruption in the tax collection efforts.

SEC. 3. Definition of Terms. – The following definition of terms is hereby adopted:

(a) **“Receipt”** shall refer to a written admission or acknowledgment of the fact of payment in money or other settlement between seller and buyer of goods, debtor and creditor, or person rendering services and client or customer printed in accordance with these regulations.

(b) **“Sales invoice or delivery receipts”** shall refer to a written account of goods or services rendered and the price charged therefor, or a list of goods consigned and the value at which the consignee is to receive them or any other list by

whatever name is known which is used in the ordinary course of business evidencing sale and transfer or agreement to sell or transfer goods and service, e.g. purchase orders, delivery receipts, job orders, provisional and temporary receipts, and others.

(c) **"Security paper"** shall refer to a security paper which is made from abaca or other indigenous materials or a water-marked security paper, either of which bears such authorized security feature duly etched and embedded in the paper during its manufacturing process. It is especially designed for the printing of official receipts, sales invoices, permits, licenses, clearances and other official papers or documents.

SEC. 4 Covered Institutions/Establishments. - All government agencies and instrumentalities, including government-owned and/or controlled corporations (GOCCs), and all Local Government Units (LGUs) shall use security paper made from abaca or other indigenous materials or water-marked security paper in all receipts, invoices, forms, permits, licenses, clearances, official papers and documents which they issue to all natural and juridical persons transacting business with them.

SEC. 5. Procedure for Printing of Security Watermarked Paper. - The Bangko Sentral ng Pilipinas (BSP), through its Banknotes and Securities Printing Department (BSPD), and the National Printing Office (NPO), in coordination with said government agencies and instrumentalities, GOCCs and LGUs, shall develop procedures such that receipts, invoices, forms, permits, licenses, clearances, and other official documents, whenever applicable and possible, shall be printed on security paper made from indigenous materials or water-marked security paper, the sizes and forms of which shall be uniform.

SEC. 6. Size and Form of Security Watermarked Paper. - The Department of Finance (DOF), the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) shall prescribe and formulate within a period of two (2) months from the effectivity of this Act, the appropriate uniform size and forms of security paper to be used for all transactions of all government agencies and instrumentalities, including GOCCs and all LGUs.

SEC. 7. Covered Forms. - All receipts, invoices, permits, licenses, clearances, and all other official documents of all government agencies, instrumentalities, GOCCs and LGUs shall, after a period of six (6) months from the effectivity of this Act, be printed in security paper made from indigenous materials and water-marked security paper: *Provided*, That any such receipts, invoices, commercial documents, permits, licenses, clearances and all other official documents which remain unused and unconsumed after the lapse of said six-month period may still be used: *Provided, further*, that appropriate inventory thereof as confirmed and approved by the BIR is conducted and: *Provided, finally*, That after a period of six (6) months thereafter, the said unused receipts, invoices, permits, licenses and clearances shall no longer be allowed for use in any transaction in the Philippines.

SEC. 8. **Penalty.** - Any person who fails to comply with the requirements of this Act, including the parties involved in a transaction where the use of security paper made from indigenous materials or water-marked security paper is prescribed, as well as any government functionary involved in the monitoring of regulating these transactions, shall be subject to all the appropriate sanctions and penalties provided for in the National Internal Revenue Code and other pertinent laws, rules and regulations.

SEC. 9. **Implementing Rules and Regulations (IRR).** - The Secretary of the Department of Finance, upon the recommendation of the Commissioner of Internal Revenue and the Commissioner of Customs, Governor of BSP, and the Director of NPO, shall promulgate appropriate rules and regulations, including the identification and setting of the standards upon which the security paper shall be sourced and supplied and such other details as would be necessary and appropriate for the effective implementation of this Act.

SEC. 10. **Separability Clause.** - If for any reason any provision of this Act is declared unconstitutional or invalid, the remainder or any provisions hereof not affected thereby shall remain in force and effect.

SEC. 11. **Repealing Clause.** - The provisions of any law, executive orders, presidential decrees or other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 12. **Effectivity.** - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.