

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1492

Introduced by: REP. MEL SENEN S. SARMIENTO

EXPLANATORY NOTE

We have always wanted to have access to the records of the Bureau of Internal Revenue (BIR) for the sake of transparency. Businesses are required by law to file periodic returns with the BIR, supported by official receipts documenting their gross for the whole year. This is more transparent than businessmen's declaration of gross receipts with the LGU. And since the basis for LGU taxation is gross receipts, businessmen are reluctant to declare accurate figures.

This was remedied by EO 646 allowing LGUs to access BIR files pertaining to gross receipts. However, as in our case, the RDO requires us to oblige businessmen to register with the BIR before we can issue them permits as a precondition to our access to their records. It should be noted that the Local Government Code precludes the cities from taxing business whose annual gross receipts do not exceed P50,000.00 hence; they are beyond our control as to the BIR requirement. Aside from this, the BIR and the LGU operate on different time lines and deadlines.

The simpler and more effective solution would be to enact the purpose of EO 646 into law and providing a simple mechanism whereby the LGU is furnished a copy of the businessmen's BIR for an accurate tax assessment. This measure will likewise grant the BIR access to the records of the local treasurer- this is in line with the Lateral Attrition Law.

The approval of this bill is therefore earnestly sought.


MEL SENEN S. SARMIENTO

Republic of the Philippines
House of Representatives
Constitution Hills, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1492

Introduced by: REP. MEL SENEN S. SARMIENTO

AN ACT
GRANTING LOCAL GOVERNMENT UNITS THE ACCESS TO THE
RECORDS OF REVENUE DISTRICT OFFICE WITH REGARD TO THE TAX
RETURNS OF BUSINESSES FOR A TRANSPARENT TAX ASSESSMENT

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

1 **SECTION 1. Title.** This Act shall be known as the “Transparent Business Tax Act of 2010.”

2

3 **SECTION 2. Declaration of Policy.** It shall be the policy of the State to further empower
4 local government units through decentralization by giving each local government unit the
5 power to create its own sources of revenues and to levy taxes, fees, and charges. Towards this
6 end, local government units shall have access to taxpayer information as collected by the
7 Bureau of Internal Revenue to ensure that covered taxpayers pay the correct local taxes, fees,
8 and charges, subject to existing laws on disclosure and limited use of such information.

9

10 **SECTION 3.** A new provision in Republic Act No. 8424 or the National Internal Revenue
11 Code, as amended, is hereby added to read as follows:

12

1 “SEC. 244. DISCLOSURE AND INFORMATION SHARING WITH
2 LOCAL GOVERNMENT UNITS. – PROVINCIAL, CITY, AND
3 MUNICIPAL TREASURERS OR THEIR DULY AUTHORIZED
4 DEPUTIES SHALL BE PROVIDED ACCESS TO THE INFORMATION
5 AND DISCLOSURES ENUMERATED IN THE PRECEDING SECTIONS
6 OF THIS ACT FOR THE PURPOSES OF COLLECTING TAXES, FEES,
7 OR OTHER CHARGES DUE TO IT UNDER REPUBLIC ACT NO. 7160,
8 OR THE LOCAL GOVERNMENT CODE OF 1991.”
9

10 The succeeding provisions of Republic Act No. 8424 or the National Internal Revenue Code,
11 as amended, are hereby renumbered.
12

13 **SECTION 4.** Section 270 of Republic Act No. 8424 or the National Internal Revenue Code,
14 as amended, is further amended to read as follows:
15

16 “**SEC. 270. Unlawful Divulgence of Trade Secrets.** - Except as provided in
17 Section 71 of this Code and Section 26 of Republic Act No. 6388, any officer
18 or employee of the Bureau of Internal Revenue who divulges to any person or
19 makes known in any other manner than may be provided by law information
20 regarding the business, income or estate of any taxpayer, the secrets,
21 operation, style or work, or apparatus of any manufacturer or producer, or
22 confidential information regarding the business of any taxpayer, knowledge of
23 which was acquired by him in the discharge of his official duties, EXCEPT IN
24 SHARING SUCH INFORMATION WITH LOCAL GOVERNMENT
25 TREASURERS AND OTHER OFFICIALS DULY AUTHORIZED TO

1 ASSESS AND LEVY TAXES, FEES OR CHARGES UNDER REPUBLIC
2 ACT NO. 7160 ("LOCAL GOVERNMENT CODE OF 1991"), FOR THE
3 PURPOSE OF ASCERTAINING, ASSESSING, AND COLLECTING THE
4 CORRECT AMOUNT OF LOCAL TAXES, FEES OR CHARGES, shall
5 upon conviction for each act or omission, be punished by a fine of not less
6 than Fifty thousand pesos (P50,000) but not more than One hundred thousand
7 pesos (P100,000), or suffer imprisonment of not less than two (2) years but
8 not more than five (5) years, or both.

9

10 **SECTION 5. Repealing Clause.** – All laws, decrees, executive orders, proclamations, rules
11 and regulations, or parts thereof inconsistent herewith are hereby repealed or modified
12 accordingly.

13

14 **SECTION 6. Separability Clause.** – If any provision of this Act is held invalid or
15 unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

16

17 **SECTION 7. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
18 publication in at least two (2) national newspapers of general circulation.

19

20 Approved,