

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 2692

Introduced by HONORABLE DANILO E. SUAREZ

EXPLANATORY NOTE

One of the major stumbling blocks in our judicial system is the delay in the resolution of tax cases. This issue not only delays bringing to justice known tax evaders, but also adversely affects the collection efforts of the government's main revenue generating agency - the Bureau of Internal Revenue (BIR). For every day a tax case remains unresolved, it costs the government millions of pesos, all of which rightfully belong to our nation's coffers. Data from the BIR show that as of 2008, a total of 678 refund and assessment cases are pending with the Court of Tax Appeals and the DOJ. The total amount due involved in refund cases amount to Php 26.43 billion, while the pending assessment cases involve Php 77.15 billion. All in all, these cases involve amounts reaching more than Php 100 billion, a very substantial amount that should properly belong to the government.

This bill seeks to address the impediments in the resolution of tax cases filed by lawyers of the BIR. It is not disputed that the current procedure in filing tax cases suffers from several problems which contribute in the delay of resolving such cases. While it is admitted that the problem cannot be solved overnight, this proposed measure addresses one specific problem, namely the removal of an additional layer in filing tax cases with the Court of Tax Appeals.

The prosecution of tax cases can be best handled by the tax lawyers themselves – those who have gathered, and have access to, sufficient evidence to recover tax collection deficiencies. The possibility of graft and corruption may also be reduced, since the BIR lawyers, being attritable under the Attrition Act, would be motivated to recover taxes which rightfully should be included in the total revenue collection of the Bureau. With this bill, the BIR would be able to focus its resources in the litigation of tax cases involving known tax deficients and evaders to improve its collection.

This bill, if approved, will shorten the tedious process of filing tax cases. This would hasten the resolution of tax cases and therefore improve the collection efforts of the BIR.


DANILO E. SUAREZ
Representative
3rd District, Quezon

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 2692

Introduced by **HONORABLE DANILO E. SUAREZ**

AN ACT GRANTING THE LEGAL OFFICERS OF THE BUREAU OF INTERNAL REVENUE THE POWER TO INVESTIGATE, PROSECUTE AND HANDLE EXCLUSIVELY CRIMINAL AND CIVIL CASES FILED UNDER THE AUTHORITY OF THE NATIONAL INTERNAL REVENUE CODE OR ANY OTHER LAW ENFORCED BY THE BUREAU, AMENDING FOR THE PURPOSE SECTION 220, CHAPTER II, TITLE VIII OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997.

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

SEC 1. Section 220, Chapter II, Title VIII of Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, is hereby amended to read as follows:

SEC. 220. *Form and Mode of Proceedings In Actions Arising Under this Code* – Civil and criminal actions and proceedings instituted in behalf of the Government under the authority of this Code or other law enforced by the Bureau of Internal Revenue shall be brought in the name of the Government of the Philippines and shall be (conducted) **INVESTIGATED, PROSECUTED AND HANDLED EXCLUSIVELY** by legal officers of the Bureau of Internal Revenue but no civil or criminal action for the recovery of taxes or the enforcement of any fine, penalty or forfeiture under this Code shall be filed in Court without the **WRITTEN** approval of the Commissioner **OR THE DEPUTY COMMISSIONER OF THE BUREAU OF INTERNAL REVENUE. FOR THIS PURPOSE, NO REFERRAL BY THE BUREAU OF INTERNAL REVENUE TO THE OFFICE OF THE SOLICITOR GENERAL, THE DEPARTMENT OF JUSTICE OR ANY GOVERNMENT AGENCY SHALL BE ALLOWED IN CONNECTION WITH A CIVIL OR CRIMINAL ACTION HANDLED BY THE LEGAL OFFICERS OF THE BUREAU OF INTERNAL REVENUE. THE BIR SHALL HAVE EXCLUSIVE AUTHORITY TO FILE ANY CIVIL OR CRIMINAL CASE DIRECTLY WITH THE PROPER COURT FOR THE RECOVERY OF TAXES OR ENFORCEMENT OF ANY FINE, PENALTY OR FORFEITURE UNDER THIS CODE; PROVIDED THAT, THE DEPARTMENT OF FINANCE SHALL HAVE AUTOMATIC REVIEW OVER EVERY CRIMINAL COMPLAINT BEFORE IT IS FILED IN COURT.**

SEC 2. *Repealing Clause* – All laws, orders, issuances, circulars, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 3. *Separability Clause* – If any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected shall continue to be in full force and effect.

SEC. 4. *Effectivity* – This Act shall take effect fifteen (15) days following its publication in at least two (2) national papers of general circulation.

Approved,