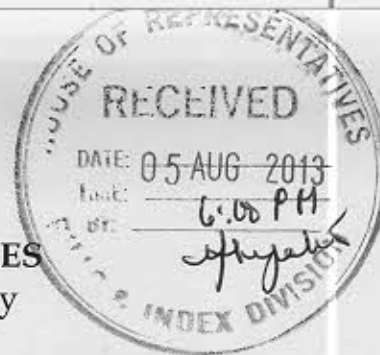


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City



SIXTEENTH CONGRESS
1st Regular Session

House Bill No. **2266**

Introduced by: REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

The tax consciousness of the average Filipino can be improved. The fact cannot be denied that most Filipinos when they have an opportunity to avoid and, worse, evade paying taxes will take advantage of it. Many others will even find many ways to cheat the government in the payment of the taxes, like non-issuing of Sales Invoices and/or Official Receipts and maintaining two sets of books of accounts. Ways must be devised, therefore, to reorient the Filipino's tax consciousness to improve tax collections.

Undeniably, the punitive approach of tax enforcement and collection proves to be difficult, time consuming and costly to implement, and, worse, encourages the commission of the crimes of extortion, bribery and graft and corruption.

Based on recent reports the tax paying public is resisting additional taxes because of the present hardships caused by national calamities and other man-made disasters/tragedies. Hence, voluntary tax payment should be induced with the aid of incentives in the forms of prizes.

In order to increase the chances of success in the implementation of tax laws and encourage compliance, this bill has conceived of a novel way to entice the public's cooperation including that of the local Government Units. Under this proposed bill, each participating representative may allocate the amount of not less than One Million Pesos (P1 Million) yearly from his Priority Development Assistance

Fund (PDAF) to be raffled among taxpayers, the business establishments and the barangays where they are actually situated.

Every quarter, TWO HUNDRED FIFTY THOUSAND (P250,000.00) PESOS will be raffled away or a total of ONE MILLION (P1,000,000.00) PESOS for one year in all Municipalities and Cities in each Congressional District; ONE HUNDRED THOUSAND (P100,000.00) PESOS will go to the holders of duly registered official receipts/Sales Invoices while another ONE HUNDRED THOUSAND (P100,000.00) PESOS will go to the establishments issuing the receipts/invoices for goods or services purchased. The Barangays where the establishments are actually located will also get FIFTY THOUSAND (P50,000.00) PESOS each quarter to be equally allocated among them.

The perceived benefits of this proposal are: 1st: This bill will encourage voluntary compliance with the local as well as national tax laws. 2nd: It will develop tax consciousness in the habits and character of the people. 3th: It will increase tax collections both for local as well as national taxes because establishments will be required to present proofs of payment of local registration fees before their receipts and invoices can be registered based on annual sales. 4rd: It will discourage, minimize and surely replace jueteng because the taxpayers and the establishments do not have to bet to have a chance to win substantially prizes.

Obviously, it is now, the practice of unscrupulous establishments and buyers of goods and services to connive for the non-issuance of receipts/invoices for goods bought and services paid with the understanding that the price of the goods or services would be reduced. This prevents the government from collecting the taxes that should be properly paid by the parties which even makes it hard for the Bureau of Internal Revenue to assess the correct income taxes due them as there will be no accurate record of the sales. The payors for goods and services will now demand for Official Receipts/Sales Invoices which will put an end to these shady arrangements.

All told, the expected benefits to be derived from this enactment and implementation of this bill will far outweigh the investment in prizes raffled away.

Strong support for this proposal is earnestly solicited.

A handwritten signature in dark ink, appearing to read "Eric L. Olivarez", with a stylized flourish at the end.

ERIC L. OLIVAREZ

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

SIXTEENTH CONGRESS
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House Bill No. **2266**

Introduced by: REPRESENTATIVE ERIC L. OLIVAREZ

**AN ACT PROMOTING TAX CONSCIOUSNESS AND
ENCOURAGING VOLUNTARY COMPLIANCES OF TAX LAWS.**

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

Section 1. This Act shall be known as the Voluntary Tax Compliance Incentives Act of 2013.

Section 2. It is the declared policy of the State to encourage tax consciousness among the people and collect taxes thru voluntary compliance.

Section 3. Thru granting of incentives to the taxpayers, the business establishments and the barangays where the latter are situated, collection of national as well as local taxes can be easily implemented thru voluntary compliance.

Section 4. Each duly elected member of the House of Representatives may participate in this progress by allocating the amount of at least ONE MILLION (P1,000,000.00) PESOS yearly from his Priority Development Assistance Fund (PDAF) to be used as prize money in his district for winners in a year-round raffles to be conducted among the payors of duly registered Sales Invoices and/or Official Receipts.

Section 5. The raffles shall be conducted once every quarter in the public plaza of every City and/or Municipality with the prize money of

TWO HUNDRED FIFTY THOUSAND (250,000.00) PESOS distributed as follows: ONE HUNDRED THOUSAND (P100,000.00) PESOS for the buyers and payors of goods or services; ONE HUNDRED THOUSAND (P100,000.00) PESOS for the business establishments issuing the duly registered Sales Invoices or Official Receipts and FIFTY THOUSAND (P50,000.00) PESOS for the barangays where the business establishments are actually located.

Section 6. The Department of Finance shall formulate the rules and regulations for the conduct of the raffles under the presence of the respective participating members of the House of Representatives.

Section 7. The Bureau of Internal Revenue shall serve as the trustee of the Countrywide Development Fund (CDF) or Congressional Initiative Fund (CIF) released by the Department of Budget and Management, and shall implement this program and submit quarterly and year-end reports to the respective participating members of the House of Representatives in accordance with Commission on Audit Rules and Regulations within thirty days after each raffle.

Section 8. Pertinent provisions of the other laws and presidential issuances, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this act are hereby repealed or modified accordingly.

Section 9. This act shall take effect fifteen (15) days after its publication in three (3) national newspapers of general circulation. The publication shall not be later than seven (7) days after approval of the bill.

Approved,