

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



SIXTEENTH CONGRESS
Second Regular Session

House Bill No. 5316

Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

Our world is rapidly transforming itself into a more modernized society. Alongside this technological advancement, people now tend to favor transactions that prove to be easier and more efficiently conducted. Particularly, conducting business nowadays especially those involving the outflow of earnings, is benefiting from the modernization we are undergoing. Gone are the days where people have to have cash ready and available whenever they need to pay for something. Oftentimes, the very important needs of an individual such as hospital bills, medicines, tuition, and other emergency expenses are not being met by any service or goods provider because of the former's lack of cash.

In this day and age, carrying money in our pockets have more often been regarded as disadvantageous, if not totally unnecessary. With the birth of credit cards and/or debit cards, there is now a safer way of paying almost anything we need. Such mode of payment has slowly but surely been considered as a normal and acceptable mode of payment. From its flimsy origins

dating back from 1920s, we have witnessed how the credit card market boomed and thrived over the years.

Indeed, credit cards have revolutionized the financial habits and ways of people and have made a significant change in the world of business as well as in every country's economy.

There are some basic advantages offered by the use of credit cards or debit cards as alternative for money. For one, credit or debit cards cannot be stolen or robbed. Secondly, it is easily replaceable. Also, the system of credit card payment provides for a great method for tracking one's expenses for budgeting's sake.

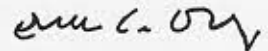
Furthermore, banks are required to exercise greater caution and diligence in their transactions considering that the nature of their business is imbued with public interest. Hence, banks provide the cardholder a certain degree of safeguard and protection on their purchases and possibly even reward points or cashback when they use their card.

In most countries nowadays, the use of credit cards is now the mainstream, and this is apparently justified by the benefits enumerated about. It is about time that we abandon the outdated method of one very important transaction every citizen in our own country makes, or is bound to make- the payment of taxes.

Through this bill, the use of credit cards or debit cards will become an acceptable way to pay taxes particularly imposed by the local government units. Using credit cards or debit cards provides a convenient way to pay one's taxes due. On the other hand, the State will also benefit from the fact that it may now collect from banks issuing such cards which have sufficient funds and a better capacity of paying.

In a way, allowing the use of credit cards or debit cards for the payment of taxes will also encourage more individuals to pay their tax obligations properly. Evasion thereof will be avoided if people know that they do have an alternative to doling out cold cash, that is - delayed and staggered payment secured by and

made possible through the credit card system. In such a scenario, the State will have no problem collecting from every taxable individual what is due of them as it can directly collect from his or her issuing bank or financial institution.



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**AN ACT ALLOWING THE USE OF CREDIT CARDS OR DEBIT
CARDS FOR THE PAYMENT OF REAL PROPERTY TAXES AND
OTHER LOCAL GOVERNMENT-IMPOSED TAXES, CHARGES
AND FEES IN THE PHILIPPINES**

Section 1. Short Title. This Act shall be known as the
Credit or Debit Card Payment for LGU Taxes of 2014.

**Section 2. Credit or Debit Cards as Commercially
Acceptable Means of Payment of Taxes.** The use of credit
cards or debit cards shall now be considered commercially
acceptable means of paying real property taxes and any kind of
taxes imposed upon a person by the State through the local
government units to the extent and under the conditions
provided in the implementing rules and regulations prescribed by
the respective local government unit involved.

Section 3. Limitation. The taxpayer may not use or utilize
the credit cards or debit cards issued under the name of a person
other than himself or herself, for the payment of his or her own
taxes due.

Section 4. Authorization by the Bureau. The local government unit may authorize select companies to process credit and debit cards on its behalf, and these companies may charge taxpayers a reasonably and regulated amount of processing fee.

Section 5. Confidentiality. No person may use or disclose any information relating to credit or debit card transactions obtained pursuant to this Act other than for purposes directly related to the processing of such tax related transactions, or the billing or collection of amounts charged or debited pursuant thereto.

Section 6. Exceptions to the Confidentiality Rule. Section 3 of this Act may admit of certain exceptions, to wit:

(A) Debit or credit card issuers or others acting on behalf of such issuers may also use and disclose such information for purposes directly related to servicing an issuer's accounts.

(B) Debit or credit card issuers or others directly involved in the processing of credit or debit card transactions or the billing or collection of amounts charged or debited thereto may also use and disclose such information for purposes directly related to—

- (1) statistical risk and profitability assessment;
- (2) transferring receivables, accounts, or interest therein;
- (3) auditing the account information; and
- (4) complying with the laws of the Philippines or any valid court order pursuant to a criminal investigation.

Provided, that the use and disclosure of information under this paragraph shall be made only to the extent authorized by

written procedures, rules and regulations promulgated by the local government unit involved.

Section 7. Ultimate Solidary Liability of Tax Payer and Issuing Bank. When for any reason the use of credit cards or debit cards in the payment of the real property and other local government-imposed taxes proved to (1) have been done fraudulently or in contravention or circumvention of any law especially to evade tax obligations, the taxpayer shall be solidarily liable with the bank which issued the credit card for the actual and complete payment of taxes due, without prejudice to the filing by the local government unit of civil, criminal and/or administrative charges against any person or persons conniving for the purpose of evading taxes due. On this note, an individual's bankruptcy would not discharge credit card debt incurred from taxes.

Section 8. Liability of Guaranteeing Banks. If the credit card and/or debit card which has been guaranteed expressly by a bank or any financial institution, is not duly paid, the State shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the guaranteed amount of the transaction upon all the assets of the institution making such guarantee, and such amount shall be paid out of such assets in preference to any other claims whatsoever against such guaranteeing financial institution.

Section 9. Implementing Rules and Regulations. The Department of Finance and the Department of Interior and Local Government in coordination with the local government units shall promulgate the Implementing Rules and Regulations to carry out the provisions of this Act. Such rules and regulations shall take effect upon their publication in three (3) newspapers of general circulation.

Section 10. *Repealing Clause.* – All laws, presidential decrees, letters of instructions, executive orders, rules and regulations insofar as they are inconsistent with this Act, are hereby repealed or amended as the case may be.

Section 11. *Separability Clause.* – In the event that any provision of this Act or any portion thereof is declared unconstitutional by a competent court, the other provisions shall not be affected thereby and shall remain valid and enforceable.

Section 12. *Effectivity Clause.* – This Act shall take effect after its complete publication in at least three (3) newspapers of general circulation.

APPROVED.