



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



**SEVENTEENTH CONGRESS**

*Second Regular Session*

**HOUSE BILL NO. 7223**

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Introduced by REPRESENTATIVES ERIC D. SINGSON AND DANILO E. SUAREZ

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**AN ACT**

**GRANTING INCENTIVES TO QUALIFIED TAXPAYERS BY EXEMPTING THEM FROM AUDIT AND INVESTIGATION IF THEY PAY AT LEAST TWENTY PERCENT MORE OF INCOME TAX, VAT, EXCISE AND PERCENTAGE TAXES PAID DURING THE PREVIOUS TAXABLE YEAR**

**EXPLANATORY NOTE**

This measure seeks to exempt qualified taxpayers from audit and investigation of income tax, VAT, excise and percentage tax returns by paying at least twenty percent (20%) more of the income, VAT, excise and percentage taxes paid, as the case may be, during the previous taxable year. This way, the taxpayer has an incentive to voluntarily declare and pay a higher tax, enhancing incidence/rate of tax payment to the government. The objective is to increase tax collection with the least administrative cost and reduce fiscal leakages by encouraging voluntary tax compliance without compromising the revenue collection generated from audit/investigation and enforcement.

This would complement the Administration's measures and the recently passed Tax Reform for Acceleration and Inclusion (TRAIN) law and the substitute bill on tax amnesty being considered in the House Committee on Ways and Means that we have authored together. With all these laws and

measures being considered, the funds generated would sustain and support President Rodrigo R. Duterte's massive "BUILD BUILD BUILD" infrastructure program which aims to spur economic growth.

Thus, the immediate approval of this bill is earnestly sought.



**ERIC D. SINGSON**  
2<sup>nd</sup> District, Ilocos Sur



**DANILO E. SUAREZ**  
3<sup>rd</sup> District, Quezon



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

**SECTION 1. *Coverage.*** - An individual or corporate taxpayer may avail of the incentive of exemption from audit and investigation by the Bureau of Internal Revenue (BIR) for the current taxable year by paying at least twenty percent (20%) more of the income, VAT, excise and percentage taxes paid, as the case may be, during the previous taxable year:

*Provided,* That continued availment of this incentive shall be subject to the condition that said individual or corporate taxpayer shall not fail to pay for a taxable year at least twenty percent (20%) more of the income, VAT, excise tax and percentage taxes paid, as the case may be, for the immediately preceding taxable year.

**SEC. 2. *Exemptions.*** - The incentives provided in this Act shall not apply to taxpayers or cases existing as of the effectivity of this Act:

- a. Withholding agents with respect to their withholding tax liabilities;
- b. Those with pending cases falling under the jurisdiction of the Presidential Commission on Good Government;
- c. Those with pending criminal cases filed in court for tax evasion and other criminal offenses under Chapter II of Title X of the National Internal Revenue Code (NIRC) of 1997, as amended, and the felonies of frauds, illegal exactions and

transactions, and malversation of public funds and property under Chapters III and IV of Title VII of the Revised Penal Code;

- d. Those with pending cases involving unexplained or unlawfully acquired wealth or under the Anti-Graft and Corrupt Practices Act and Republic No. 7078, otherwise known as "An Act Defining and Penalizing the Crime of Plunder";
- e. Those with pending cases filed in court involving violation of the Anti-Money Laundering Act"; and
- f. Tax cases subject of final and executor judgement by the courts.

SEC. 3. ***Penalty Provision.*** – Any taxpayer who violates the provisions of this law shall be subjected to immediate investigation, in addition to the imposition of penalties pursuant to the NIRC of 1997, as amended, and other applicable laws.

SEC. 4. ***Implementing Rules and Regulations.*** – The Bureau shall promulgate and publish rules and regulations for the proper implementation of this Act within sixty (60) days from its approval.

SEC. 5. ***Separability Clause.*** – If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions which are not affected shall continue to be in full force and effect.

SEC. 6. ***Repealing Clause.*** – All other laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are also hereby amended or repealed accordingly.

SEC. 7. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,