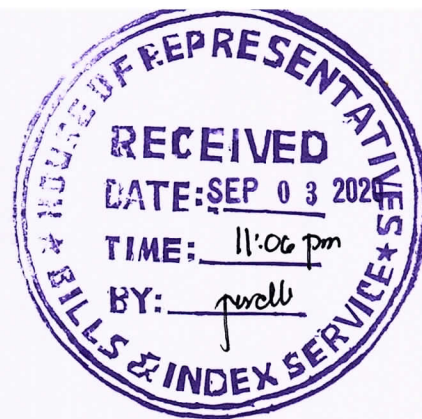




Republic of the Philippines
House of Representatives
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7580



Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

In the advent of modernity, every trade or transaction has undergone certain changes and developments which ultimately bring about a safer, easier and more efficient way of conducting business. In this day and age, carrying money in our pockets have more often been regarded as less advantageous, if not totally unnecessary. Other safer means such as the use of credit or debit cards have been considered as acceptable modes of payment.

From its scanty origins tracing back to the 1920s, we have witnessed how the credit card market boomed and thrived over the years. The computerization and digitalization of the global society are in large part of the reason for the worldwide acceptance of credit or debit cards as an alternative for money. Indeed, credit cards have revolutionized the financial habits of people and have made a significant change in the world of business as well as in every country's economy. Credit or debit cards represent an integral part of our lives - from the smallest unit of the society such as a household to the largest conglomeration of global activities.

People all around the world conduct their day to day activities using cards instead of actual money especially in most western countries. For one, compared to the latter, cards are safer to carry around as it cannot be easily

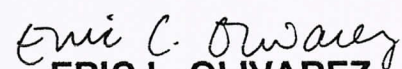
used when stolen or robbed. Secondly, even if one loses it, it is replaceable. Also, the credit card system offers a great method for tracing one's expenses. Banks are usually very cautious about credit card transactions and provide the cardholder a certain degree of safeguard by providing digital notifications such as email or sms of pending transactions through the one-time password (OTP) facility or transactions beyond the customer's normal spending.

It is about time that we also revolutionize the outdated method of one important transaction every citizen in our own country makes, or is bound to make— the payment of taxes.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. Using credit or debit cards provides a convenient way to pay one's taxes. Other advantages to this are (1) the flexibility to pay credit card balances over time (2) the possible rewards coming from card issuers; and lastly, (3) the assurance that the tax payment has been made through a trusted institution. 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 has 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 properly their tax obligations. Evasion thereof will be lessened if people will have an alternative, that is – delayed payment secured by 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. Banks, on the other hand, will have no trouble collecting the accumulated credit card debt from its individual cardholders because they have been expertly doing this practice for decades now.

Clearly, allowing the use of credit cards or debit cards serves as a win-win situation for all the parties involved. Hence, the approval of this bill is persistently sought.


ERIC L. OLIVAREZ



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1
2 **AN ACT ALLOWING THE USE OF CREDIT CARDS OR DEBIT CARDS**
3 **FOR THE PAYMENT OF TAXES IN THE PHILIPPINES**

4 **Section 1. Short Title.** This Act shall be known as the *Credit or Debit*
5 *Card Tax Payment of 2020.*

6 **Section 2. Credit or Debit Cards as Commercially Acceptable**
7 **Mode of Tax Payment.** The use of credit cards or debit cards shall now be
8 considered as a commercially acceptable mode of paying any kind of taxes
9 imposed upon a person by the State to the extent and under the conditions
10 provided in the implementing rules and regulations prescribed by the Bureau
11 of Internal Revenue (BIR).

12 **Section 3. Limitation.** A taxpayer may not use the credit cards or
13 debit cards issued under the name of a person other than himself/herself for
14 the payment of his/her own taxes due.

15 **Section 4. Authorization by the Bureau.** The BIR may authorize
16 select companies to process payment of taxes through credit and debit cards
17 on its behalf, and these companies may charge taxpayers a reasonably and
18 regulated amount of processing fee.

19 **Section 5. Confidentiality.** No person may use or disclose any
20 information relating to credit or debit card transactions obtained pursuant to

1 this Act other than for purposes directly related to the processing of such
2 transactions or the billing or collection of amounts charged or debited
3 pursuant thereto.

4 **Section 6. Exceptions to the Confidentiality Rule.** Section 5 of this
5 Act may admit of certain exceptions, to wit:

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

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

13 (1) statistical risk and profitability assessment;

14 (2) transferring receivables, accounts, or interest therein;

15 (3) auditing the account information; and

16 (4) complying with the laws of the Philippines or any valid
17 court order pursuant to a criminal investigation.

18 Provided, that the use and disclosure of information under this
19 paragraph shall be made only to the extent authorized by written procedures,
20 rules, and regulations promulgated by the BIR.

21 **Section 7. Ultimate Solidary Liability of Tax Payer and Issuing**
22 **Bank.** When for any reason the use of credit cards or debit cards in the
23 payment of taxes proved to (1) have been done fraudulently or in
24 contravention or circumvention of any law especially to evade tax
25 obligations, the taxpayer shall be solidarily liable with the bank which issued
26 the credit card for the actual and complete payment of taxes due, without
27 prejudice to the filing by the BIR of civil, criminal and/or administrative
28 charges against any person or persons conniving for the purpose of evading
29 taxes due. An individual's bankruptcy shall not discharge credit card debt
30 incurred from taxes.

31 **Section 8. Liability of Guaranteeing Banks.** If the credit card and/or
32 debit card which has been guaranteed expressly by a bank or any financial

1 institution, is not duly paid, the State shall, in addition to its right to exact
2 payment from the party originally indebted therefor, have a lien for the
3 guaranteed amount of the transaction upon all the assets of the institution
4 making such guarantee, and such amount shall be paid out of such assets
5 in preference to any other claims whatsoever against such guaranteeing
6 financial institution.

7 **Section 9. Implementing Rules and Regulations.** The BIR shall
8 promulgate the Implementing Rules and Regulations to carry out the
9 provisions of this Act. Such rules and regulations shall take effect upon their
10 publication in three (3) newspapers of general circulation.

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

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

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

21 **APPROVED.**