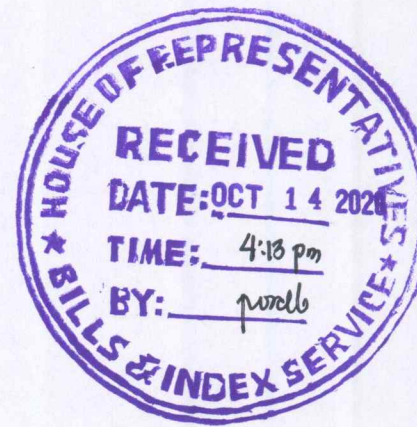


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7881



Introduced by REP. JOEY SARTE SALCEDA

AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 110, 113, 114, 128, 200,
236, 237, 238, 245, and 264, AND ADDING SECTIONS 291 AND 292 OF
REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS “THE NATIONAL
INTERNAL REVENUE CODE OF 1997”, AS AMENDED”

EXPLANATORY NOTE

THE EASE OF PAYING TAXES ACT

Red tape experienced by taxpayers undermines the social contract between the citizen and the state. When citizens perform their patriotic duty to pay correct taxes and ensure the flow of the lifeblood of the government, the least the state can do is to ease the process of doing so.

The benefits of high taxpayer morale cannot be understated. When people are invested in their government, a “sense of nation” is embedded, and faith in the government is secured. Unfortunately, the Philippine tax administration system is convoluted and demoralizing to the taxpayers.

First, voluntarily filing and paying one’s taxes is unnecessarily cumbersome. The Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2017 reduced the gap between self-employed professionals (SEP) and wage earners, as total collections from SEPs grew from 15% to 40% in 2019. However, the gap in voluntary payment persists as collection from such accounts for only 4% to 5% of total individual tax collections.

Recognizing the varying ability of taxpayers to settle their tax obligations, this bill institutionalizes streamlined procedures for smaller taxpayers; introduces a medium taxpayer’s classification; and enables the Bureau of Internal Revenue (BIR) to implement a compliance strategy, matching risks to revenue and costs to both taxpayers and tax administration.

Second, the efficiencies of digitalization have yet to be maximized in the tax system, a must for an increasingly mobile population. Antiquated practices and procedures persist such as the “pay as you file” system; venue-restricted filing and payment; and dual standards in recognizing value-added tax (VAT) transactions. This bill modernizes tax administration by

integrating portability of transactions and enabling the adoption of future innovations aimed at improving taxpayer experience.

Third, the tax system is vulnerable to exploitation and leakages. Non-disclosure coupled with aggressive tax avoidance schemes by high income individuals and entities is pervasive while the majority is burdened with labyrinthine filing and payment procedures. This bill addresses serious issues in tax compliance as it enshrines taxpayer rights as the guiding principle in formulating and implementing tax policies and regulations.

The pandemic-induced deficit is forecast to reach 9.6% of gross domestic product (GDP) in 2020 and 8.5% in 2021. Boosting collections through improved compliance will allow government to close the fiscal deficit without overburdening taxpayers already beleaguered by the pandemic.

In summary, this bill aims to improve tax compliance through the following:

1. Simplifying compliance procedures by segmenting taxpayers and tailoring processes;
2. Enhancing the portability of tax transactions; and
3. Legislating a Taxpayer's Bill of Rights and creating a Taxpayers' Advocate Office.

The passage of this bill is earnestly sought and urgently needed.



JOEY SARTE SALCEDA

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236, 237, 238, 245, and 264, AND ADDING SECTIONS 291 AND 292 OF
REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS "THE NATIONAL
INTERNAL REVENUE CODE OF 1997", AS AMENDED"

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

1 SECTION 1. *Title.* – This Act shall be known as the "Ease of Paying Taxes Act."

2
3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State:

4 (1) To provide a healthy environment for the tax paying public that protects and
5 safeguards taxpayer rights and welfare, as well as assures the fair treatment of all taxpayers;

6 (2) To modernize tax administration and improve its efficiency and effectiveness by
7 providing mechanisms that encourage proper and easy compliance at the least cost and
8 resources possible;

9 (3) To update the taxation system, adopt best practices, and replace antiquated
10 procedures such as requiring the filing of a return or declaration for the payment of taxes or the
11 "pay as you file" system and restriction of venue for filing and payment; and

12 (4) To enact policies and procedures which are appropriate to different types of
13 taxpayers.

14
15 SEC. 3. Section 21 of the National Internal Revenue Code of 1997, as amended, is
16 hereby amended to read as follows:

17
18 **"SEC. 21. *Sources of Revenue* AND CLASSIFICATION OF**
19 **TAXPAYERS. [–]**

20 **(A)** The following taxes, fees and charges are deemed to be national
21 internal revenue taxes:

22 "(a) Income tax;

23 "(b) Estate and donor's taxes;

24 "(c) Value-added tax;

25 "(d) Other percentage taxes;

26 "(e) Excise taxes;

27 "(f) Documentary stamp taxes; and

"(g) Such other taxes as are or hereafter may be imposed and collected by the Bureau of Internal Revenue.

"(B) CLASSIFICATION OF TAXPAYERS – FOR PURPOSES OF RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER, SHALL ESTABLISH A REASONABLE CRITERIA FOR CLASSIFYING TAXPAYERS, TAKING INTO CONSIDERATION THEIR CAPACITY TO COMPLY WITH TAX RULES AND REGULATIONS, THE AMOUNT AND TYPE OF TAX PAID, THE GROSS SALES AND/OR RECEIPTS OF THE TAXPAYER, AS WELL AS, INFLATION, VOLUME OF BUSINESS, WAGE AND EMPLOYMENT LEVELS, AND SIMILAR ECONOMIC FACTORS.

"PROVIDED, THAT THE SECRETARY OF FINANCE PROVIDES A CLASSIFICATION FOR LARGE AND MEDIUM TAXPAYERS AND INTRODUCE ADDITIONAL CLASSIFICATIONS OF TAXPAYERS AS MAY BE DEEMED NECESSARY TO ACHIEVE BETTER SERVICE AND TAX ADMINISTRATION.

"PROVIDED, FURTHER, THAT FOR EVERY CLASSIFICATION OF TAXPAYERS, THE BUREAU OF INTERNAL REVENUE SHALL PROVIDE FOR A SPECIAL UNIT TO SPECIFICALLY CATER TO THE NEEDS OF TAXPAYERS UNDER SUCH CLASSIFICATION.

"PROVIDED, FINALLY, THAT, FOR EASE OF COMPLIANCE TO TAX RULES AND REGULATIONS, SIMPLIFIED TAX RETURNS AND PROCESSES SHALL BE IMPLEMENTED FOR TAXPAYERS NOT CLASSIFIED AS MEDIUM OR LARGE."

SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 22. Definitions. — When used in this Title:

XXX

(II) THE TERM "FILING OF RETURN" SHALL REFER TO THE ACT OF ACCOMPLISHING THE PRESCRIBED TAX RETURN AND SUBMITTING THE RETURN TO THE BUREAU OF INTERNAL REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED UNDER EXISTING RULES AND REGULATIONS.

(JJ) THE TERM "PAYMENT OF TAX" OR "REMITTANCE OF TAX" SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT OF TAX DUE OR WITHHELD TO THE BUREAU OF INTERNAL REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED UNDER EXISTING RULES AND REGULATIONS."

SEC. 5. Section 51 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 51. Individual Return. —

XXX

(B) Where to File. - Except in cases where the Commissioner otherwise permits, the return shall be filed with an authorized agent bank, Revenue

1 District Officer, **OR** Collection Agent [or duly authorized Treasurer of the city
2 or municipality in which such person has his legal residence or principal place
3 of business in the Philippines, or if there be no legal residence or place of
4 business in the Philippines, with the Office of the Commissioner].”

5
6 SEC. 6. Section 56 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:
8

9 **“SEC. 56. *Payment and Assessment of Income Tax for Individuals***
10 ***and Corporations.* –**

11 **(A) *Payment of Tax.* –**

12 ***In General.* –** The total amount of tax imposed by this Title shall be
13 paid by the person subject thereto [at the time] **ON OR BEFORE** the **FILING**
14 **OF THE** return is **DUE**. In the case of tramp vessels, the shipping agents and/or
15 the husbanding agents, and in their absence, the captains thereof are required to
16 file the return herein provided and pay the tax due thereon before their
17 departure. Upon failure of the said agents or captains to file the return and pay
18 the tax, the Bureau of Customs is hereby authorized to hold the vessel and
19 prevent its departure until proof of payment of the tax is presented or a sufficient
20 bond is filed to answer for the tax due.”
21

22 SEC. 7. Section 58 of the National Internal Revenue Code of 1997, as amended, is
23 hereby amended to read as follows:
24

25 **“SEC. 58. *Returns and Payment of Taxes Withheld at Source.* –**

26 ***Quarterly Returns and Payments of Taxes Withheld.* –** Taxes deducted
27 and withheld under Section 57 by withholding agents shall be covered by a
28 return and paid to, except in cases where the Commissioner otherwise permits,
29 an authorized agent bank, Revenue District Officer, **OR** Collection Agent [, or
30 duly authorized Treasurer of the city or municipality where the withholding
31 agent has his legal residence or principal place of business, or where the
32 withholding agent is a corporation, where the principal office is located].”
33

34 SEC. 8. Section 77 of the National Internal Revenue Code of 1997, as amended, is
35 hereby amended to read as follows:
36

37 **“SEC. 77. *Place and Time of Filing and Payment of Quarterly***
38 ***Corporate Income Tax.* –**

39 **(A) *Place of Filing.* –** Except as the Commissioner otherwise
40 permits, the quarterly income tax declaration required in Section 75 and the
41 final adjustment return required in Section 76 shall be filed with the authorized
42 agent banks or Revenue District Officer or Collection Agent [or duly authorized
43 Treasurer of the city or municipality having jurisdiction over the location of the
44 principal office of the corporation filing the return or place where its main books
45 of accounts and other data from which the return is prepared are kept].

46 **(B) *Time of Filing the Income Tax Return.* –** The corporate quarterly
47 declaration shall be filed within sixty (60) days following the close of each of
48 the first three (3) quarters of the taxable year. The final adjustment return shall
49 be filed on or before the fifteenth (15th) day of April, or on or before the

1 fifteenth (15th) day of the fourth (4th) month following the close of the fiscal
2 year, as the case may be.

3 **(C) Time of Payment of the Income Tax.** – The income tax due on the
4 corporate quarterly returns and the final adjustment income tax returns
5 computed in accordance with Sections 75 and 76 shall be paid [at the time]
6 **ON OR BEFORE THE FILING OF** the declaration or return **IS DUE** in a
7 manner prescribed by the Commissioner.”
8

9 SEC. 9. Section 81 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:
11

12 **“SEC. 81. Filing of Return and Payment of Taxes Withheld.** – Except
13 as the Commissioner otherwise permits, taxes deducted and withheld by the
14 employer on wages of employees shall be covered by a return and paid to an
15 authorized agent bank[,] **OR** Collection Agent [, or the duly authorized
16 Treasurer of the city or municipality where the employer has his legal residence
17 or principal place of business, or in case the employer is a corporation, where
18 the principal office is located].”
19

20 SEC. 10. Section 90 of the National Internal Revenue Code of 1997, as amended, is
21 hereby amended to read as follows:
22

23 **“SEC. 90. Estate Tax Returns.** –

24 **(D) Place of Filing.** – Except in cases where the Commissioner
25 otherwise permits, the return required under Subsection (A) shall be filed with
26 an authorized agent bank, or Revenue District Officer, **OR** Collection Officer
27 [, or duly authorized Treasurer of the city or municipality in which the decedent
28 was domiciled at the time of his death or if there be no legal residence in the
29 Philippines, with the Office of the Commissioner].”
30

31 SEC. 11. Section 91 of the National Internal Revenue Code of 1997, as amended, is
32 hereby amended to read as follows:
33

34 **“SEC. 91. Payment of Tax.** –

35 **(A) Time of Payment.** – The estate tax imposed by Section 84 shall be
36 paid [at the time] **ON OR BEFORE** the return is filed by the executor,
37 administrator or the heirs.”
38

39 SEC. 12. Section 103 of the National Internal Revenue Code of 1997, as amended, is
40 hereby amended to read as follows:
41

42 **“SEC. 103. Filing of Return and Payment of Tax.** –

43 **(A) Requirements.** – Any individual who makes any transfer by gift
44 (except those which, under Section 101, are exempt from the tax provided for
45 in this Chapter) shall, for the purpose of the said tax, make a return under oath
46 in duplicate. The return shall set forth:

- 47 (1) Each gift made during the calendar year which is to be included
48 in computing net gifts;
49 (2) The deductions claimed and allowable;
50 (3) Any previous net gifts made during the same calendar year;

1 (4) The name of the donee; and

2 (5) Such further information as may be required by rules and
3 regulations made pursuant to law.

4 **(B) Time and Place of Filing and Payment.** – The return of the donor
5 required in this Section shall be filed within thirty (30) days after the date the
6 gift is made and the tax due thereon shall be paid [at the] **ON OR BEFORE**
7 **THE FILING OF THE DECLARATION OR RETURN IS DUE IN A**
8 **MANNER PRESCRIBED BY THE COMMISSIONER** [time of filing].
9 Except in cases where the Commissioner otherwise permits, the return shall be
10 filed and the tax paid to an authorized agent bank, [the] Revenue District
11 Officer, **OR** Revenue Collection Officer [or duly authorized Treasurer of the
12 city or municipality where the donor was domiciled at the time of the transfer,
13 or if there be no legal residence in the Philippines, with the Office of the
14 Commissioner]. In the case of gifts made by a nonresident, the return may be
15 filed with the Philippine Embassy or Consulate in the country where he is
16 domiciled at the time of the transfer, or directly with the Office of the
17 Commissioner.”

18
19 SEC. 13. Section 106 of the National Internal Revenue Code of 1997, as amended, is
20 hereby amended to read as follows:

21
22 **“SEC. 106 (D). Sales Returns, Allowances and Sales Discounts.** – The
23 value of goods or properties sold and subsequently returned or for which
24 allowances were granted by a VAT-registered person may be deducted from the
25 gross sales [or receipts] for the quarter in which a refund is made or a credit
26 memorandum or refund is issued. [Sales discount granted and indicated in the
27 invoice at the time of sale and the grant of which does not depend upon the
28 happening of a future event may be excluded from the gross sales within the
29 same quarter it was given.]”

30
31 SEC. 14. Section 108 of the National Internal Revenue Code of 1997, as amended, is
32 hereby amended to read as follows:

33
34 **“SEC. 108. Value-added Tax on Sale of Services and Use or Lease of**
35 **Properties.** –

36 **(A) Rate and Base of Tax.** – There shall be levied, assessed and
37 collected, a value-added tax equivalent to twelve percent (12%) of gross
38 [receipts] **SALES** derived from the sale or exchange of services, including the
39 use or lease of properties.”

40
41 SEC. 15. Section 110 of the National Internal Revenue Code of 1997, as amended, is
42 hereby amended to read as follows:

43
44 **“SEC. 110. Tax Credits.** –

45 **(A) Creditable Input Tax.** –

46 (1) Any input tax evidenced by a VAT invoice [or official receipt] issued in
47 accordance with Section 113 hereof on the following transactions shall be
48 creditable against the output tax:

49 (a) Purchase or importation of goods:

50 (i) For sale; or

- (ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or
(iii) For use as supplies in the course of business; or
(iv) For use as materials supplied in the sale of service; or
(v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code.
(b) Purchase of services [on which a value-added tax has been actually paid].”

SEC. 16. Section 113 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 113. Invoicing and Accounting Requirements for VAT-Registered Persons. —

(A) Invoicing Requirements. — A VAT-registered person shall issue:

- (1) A VAT invoice for every sale, barter or exchange of goods or properties, [; and
(2) A VAT official receipt for every] lease of goods or properties, and for every sale, barter or exchange of services.”

SEC. 17. Section 114 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 114. Return and Payment of Value-Added Tax. —

(B) Where to File the Return and Pay the Tax. — Except as the Commissioner otherwise permits, the return shall be filed with and the tax paid to an authorized agent bank, **OR** Revenue Collection Officer [or duly authorized city or municipal Treasurer in the Philippines located within the revenue district where the taxpayer is registered or required to register].”

SEC. 18. Section 128 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 128. Returns and Payment of Percentage Taxes. —

(B) Where to File. — Except as the Commissioner otherwise permits, every person liable to the percentage tax under this Title [may, at his option,] **SHALL** file a [separate return for each branch or place of business, or] a consolidated return for all branches or places of business with [the] **AN** authorized agent bank, Revenue District Officer, **OR** Collection Agent [or duly authorized Treasurer of the city or municipality where said business or principal place of business is located, as the case may be].”

SEC. 19. Section 200 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 200. Payment of Documentary Stamp Tax. —

(C) Where to File. — Except in cases where the Commissioner otherwise permits, the aforesaid tax return shall be filed with and the tax due shall be paid through the authorized agent bank [within the territorial jurisdiction of the Revenue District Office which has jurisdiction over the

1 residence or principal place of business of the taxpayer]. In places where there
2 is no authorized agent bank, the return shall be filed with [the] A Revenue
3 District Officer[,] OR collection agent [, or duly authorized Treasurer of the
4 city or municipality in which the taxpayer has his legal residence or principal
5 place of business].”
6

7 SEC. 20. Section 236 of the National Internal Revenue Code of 1997, as amended, is
8 hereby amended to read as follows:
9

10 **“SEC. 236. Registration Requirements. –**

11 **(A) Requirements. –** Every person subject to any internal revenue tax
12 shall register once with the appropriate Revenue District Officer:

- 13 (1) Within ten (10) days from date of employment, or
14 (2) On or before the commencement of business, or
15 (3) Before payment of any tax due, or
16 (4) Upon filing of a return, statement or declaration as required in this
17 Code.

18 The registration shall contain the taxpayer’s name, [style,] place of residence,
19 business, and such other information as may be required by the Commissioner
20 in the form prescribed therefor: **PROVIDED, FURTHER, THAT THE**
21 **COMMISSIONER SHALL ENSURE REGISTRATION FACILITIES**
22 **WOULD BE AVAILABLE TO TAXPAYERS WHO ARE NOT**
23 **RESIDING IN THE COUNTRY. Provided, FINALLY,** That the
24 Commissioner shall simplify the business registration and tax compliance
25 requirements of self-employed individuals and/or professionals.

26 A person maintaining a head office, branch or facility shall register with the
27 Revenue District Officer having jurisdiction over the head office, branch or
28 facility. For purposes of this Section, the term ‘facility’ may include but not be
29 limited to sales outlets, places of production, warehouses or storage places.

30 **[(B) Annual Registration Fee. –** An annual registration fee in the
31 amount of Five hundred pesos (Php500) for every separate or distinct
32 establishment or place of business, including facility types where sales
33 transactions occur, shall be paid upon registration and every year thereafter on
34 or before the last day of January: Provided, however, That cooperatives,
35 individuals earning purely compensation income, whether locally or abroad,
36 and overseas workers are not liable to the registration fee herein imposed.

37 The registration fee shall be paid to an authorized agent bank located
38 within the revenue district, or to the Revenue Collection Officer, or duly
39 authorized Treasurer of the city or municipality where each place of business
40 or branch is registered.]

41 **[(C)] (B) Registration of Each Type of Internal Revenue Tax. – xxx**

42 **[(D)] (C) Transfer of Registration. – xxx**

43 **[(E)] (D) Other Updates. – xxx**

44 **[(F)] (E) Cancellation of Registration. – xxx**

45 **(1) General Rule. –** The registration of any person who ceases to be
46 liable to a tax type shall be cancelled upon **MERE** filing with the Revenue
47 District Office where he is registered, an application for registration
48 information update in a form prescribed therefor; [.] **HOWEVER, THIS**
49 **WOULD NOT PRECLUDE THE REVENUE DISTRICT OFFICER**
50 **FROM CONDUCTING AN AUDIT IN ORDER TO DETERMINE ANY**

1 **TAX LIABILITY: PROVIDED, THAT THE DECISION TO CONDUCT**
2 **AN THE AUDIT IS BASED ON RISK ASSESSMENT EVALUATION.**

3 **(2) Cancellation of Value-Added Tax Registration. — xxx**

4 **[(G)] (F) Persons Required to Register for Value-Added Tax. — xxx**

5 **[(H)] (G) Optional Registration for Value-Added Tax of Exempt**
6 **Person. — xxx**

7 **[(I)] (H) Supplying of Taxpayer Identification Number (TIN). — xxx”**
8

9 SEC. 21. Section 237 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:
11

12 **“SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. —**

13 **(A) Issuance. —** All persons subject to an internal revenue tax shall, at the
14 point of each sale and transfer of merchandise or for services rendered valued at
15 One hundred pesos (Php100) or more, issue [duly registered] receipts or sale or
16 commercial invoices, showing the date of transaction, quantity, unit cost and
17 description of merchandise or nature of service: Provided, however, That where
18 the receipt is issued to cover payment made as rentals, commissions, compensation
19 or fees, receipts or invoices shall be issued which shall show the name, [business
20 style,] if any, and address of the purchaser, customer or client: Provided, further,
21 That where the purchaser is a VAT-registered person, in addition to the information
22 herein required, the invoice or receipt shall further show the Taxpayer
23 Identification Number (TIN) of the purchaser.”
24

25 SEC. 22. Section 238 of the National Internal Revenue Code of 1997, as amended, is
26 hereby amended to read as follows:
27

28 **“SEC. 238. Printing of Receipts or Sales or Commercial Invoices. —**

29 All persons who are engaged in business **OR PRACTICE OF A**
30 **PROFESSION ARE REQUIRED** [shall secure from the Bureau of Internal
31 Revenue an authority] to print receipts or sales or commercial invoices [before
32 a printer can print the same] **WITHOUT THE NEED OF SECURING AN**
33 **AUTHORITY TO PRINT FROM THE BUREAU OF INTERNAL**
34 **REVENUE.**

35 [No authority to print receipts or sales or commercial invoices shall be
36 granted unless the r] Receipts or invoices to be printed [are] **SHOULD BE**
37 serially numbered and shall show, among other things, the name, [business
38 style,] Taxpayer Identification Number (TIN) and business address of the
39 person or entity to use the same, and such other information that may be
40 required by rules and regulations to be promulgated by the Secretary of Finance,
41 upon recommendation of the Commissioner.

42 [All persons who print receipt or sales or commercial invoices shall
43 maintain a logbook/register of taxpayers who availed of their printing services.
44 The logbook/register shall contain the following information:]

45 [(1) Names, Taxpayer Identification Numbers of the persons or entities
46 for whom the receipts or sales or commercial invoices were printed; and

47 (2) Number of booklets, number of sets per booklet, number of copies
48 per set and the serial numbers of the receipts or invoices in each booklet.]”
49

SEC. 23. Section 245 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 245. *Specific Provisions to be Contained in Rules and Regulations.* — The rules and regulations of the Bureau of Internal Revenue shall, among other things, contain provisions specifying, prescribing or defining:

x x x

“(j) The manner in which internal revenue taxes, such as income tax, including withholding tax, estate and donor's taxes, value-added tax, other percentage taxes, excise taxes and documentary stamp taxes shall be paid through the collection officers of the Bureau of Internal Revenue or through duly authorized agent banks which are hereby deputized to receive payments of such taxes and the returns, papers and statements that may be filed by the taxpayers in connection with the payment of the tax: Provided, however, that notwithstanding the other provisions of this Code prescribing the place of filing of returns and payment of taxes, the Commissioner may, by rules and regulations, require that the tax returns, papers and statements and taxes of **MEDIUM AND** large taxpayers be filed and paid, respectively, through collection officers or through duly authorized agent banks. **THE TAXPAYER'S RIGHT TO HAVE THE COST OF COMPLIANCE RESPECTED WHENEVER TAX RULES ARE PREPARED AND ENFORCED SHALL BE CONSIDERED WHENEVER THE COMMISSIONER PRESCRIBES NEW RULES ON FILING OF RETURNS AND PAYMENT OF TAXES.** [Provided, further, That the Commissioner can exercise this power within six (6) years from the approval of Republic Act No. 7646 or the completion of its comprehensive computerization program, whichever comes earlier:] *Provided, finally,* That separate venues for the Luzon, Visayas and Mindanao areas may be designated for the filing of tax returns and payment of taxes by said **MEDIUM AND** large taxpayers.

[For purposes of this Section, 'large taxpayer' means a taxpayer who satisfies any of the following criteria;

- “(1) Value-Added Tax (VAT) — Business establishment with VAT paid or payable of at least One hundred thousand pesos (PhP100,000) for any quarter of the preceding taxable year;
- “(2) Excise Tax — Business establishment with excise tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year;
- “(3) Corporate Income Tax — Business establishment with annual income tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year; and
- “(4) Withholding Tax — Business establishment with withholding tax payment or remittance of at least One million pesos (PhP1,000,000) for the preceding taxable year.

Provided, however, that the Secretary of Finance, upon recommendation of the Commissioner, may modify or add to the above criteria for determining a large taxpayer after considering such factors as inflation, volume of business, wage and employment levels, and similar economic factors.]

1 "The penalties prescribed under Section 248 of this Code shall be imposed on
2 any violation of the rules and regulations issued by the Secretary of Finance,
3 upon recommendation of the Commissioner, prescribing the place of filing of
4 returns and payments of taxes by large **AND MEDIUM** taxpayers."

5
6 SEC. 24. Section 247 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:
8

9 **"SEC. 247. General Provisions. –**

10 (a) xxx

11 (b) xxx

12 (c) xxx

13 **(D) FOR TAXPAYERS NOT CLASSIFIED AS MEDIUM OR**
14 **LARGE, ALL FEES, CHARGES OR OTHER PENALTIES IMPOSED**
15 **UNDER THIS TITLE SHALL NOT BE IMPOSED FOR THE FIRST**
16 **VIOLATION. FOR THE SECOND (2ND) VIOLATION OF THE SAME**
17 **OFFENSE, A REDUCED RATE EQUIVALENT TO FIFTY PERCENT**
18 **(50%) SHALL BE IMPOSED. FOR THE THIRD (3RD) VIOLATION OF**
19 **THE SAME OFFENSE, THE FULL RATE SHALL BE IMPOSED."**
20

21 SEC. 25. Section 264 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:
23

24 **"SEC. 264. *Failure or Refusal to Issue Receipts or Sales or***
25 ***Commercial Invoices, Violations Related to the Printing of such Receipts or***
26 ***Invoices and Other Violations. –***

27 (a) Any person who, being required under Section 237 to issue
28 receipts or sales or commercial invoices, fails or refuses to issue such receipts
29 of invoices, issues receipts or invoices that do not truly reflect and/or contain
30 all the information required to be shown therein, or uses multiple or double
31 receipts or invoices, shall, upon conviction for each act or omission, be
32 punished by a fine of not less than One thousand pesos (PhP1,000) but not
33 more than Fifty thousand pesos (PhP50,000) and suffer imprisonment of not
34 less than two (2) years but not more than four (4) years.

35 (b) Any person who commits any of the acts enumerated hereunder
36 shall be penalized with a fine of not less than Five hundred thousand pesos
37 (PhP500,000) but not more than Ten million pesos (PhP10,000,000), and
38 imprisonment of not less than six (6) years but not more than ten (10) years:

39 [(1) Printing of receipts or sales or commercial invoices without authority from
40 the Bureau of Internal Revenue; or]

41 [(2)] (1) Printing of double or multiple sets of invoices or receipts;

42 [(3)] (2) Printing of unnumbered receipts or sales or commercial invoices, not
43 bearing the name, [business style,] Taxpayer Identification Number, and
44 business address of the person or entity; or

45 [(4)] (3) Printing of other fraudulent receipts or sales or commercial invoices."
46

47 SEC. 26. A new Title XIII shall be added in the National Internal Revenue Code of
48 1997, as amended, to read as follows:
49

50 **"TITLE XIII**

1 **“RIGHTS OF TAXPAYERS AND TAXPAYER’S ADVOCATE OFFICE**
2

3 **“SEC. 291. Taxpayer’s Bill of Rights** – In addition to the rights and
4 remedies of the taxpayer provided for in the National Internal Revenue Code of
5 1997, as amended, the taxpayer shall have the following rights:

- 6 1. To pay no more than the correct amount of tax
- 7 2. To a fair and impartial appeal
- 8 3. To timely and easy to understand information
- 9 4. To quality tax education and service
- 10 5. To the consistent and transparent application of the law
- 11 6. To have the cost of compliance respected whenever tax rules are
- 12 prepared and enforced
- 13 7. To privacy and confidentiality of information, unless authorized
- 14 by the taxpayer or by law
- 15 8. To speedy disposition of cases, assessments, audits,
- 16 investigation and other similar actions.
- 17 9. To finality of tax cases, including, but not limited to, agreement
- 18 on the amount of tax due.
- 19 10. To be protected and seek redress against malicious, excessive
- 20 and wrongful assessments.”
- 21

22 **“SEC. 292. Taxpayer’s Advocate Office.** – The office of the Tax
23 Advocate is hereby created under the supervision and control of the Department
24 of Finance and independent from the Bureau of Internal Revenue. Its powers
25 and duties shall include:

- 26 1. Ensure that the rights of the taxpayers are protected and provide
- 27 assistance to the taxpayers in relation thereto.
- 28 2. Identify systemic problems within the Bureau of Internal
- 29 Revenue which hampers efficient and fair tax administration and
- 30 propose changes therein to mitigate identified problems,
- 31 whether administrative or legislative in nature.
- 32 3. Report directly to the Commissioner of Internal Revenue outputs
- 33 and outcomes that result from the execution of its duties, and
- 34 coordinate its other functions such as, but not limited to, the
- 35 development and implementation of programs that will help
- 36 educate taxpayers and effectively disseminate the Taxpayer’s
- 37 Bill of Rights.
- 38 4. Perform such other functions as may be provided by law or
- 39 required by the Secretary of Finance.”
- 40

41 **SEC. 27. Separability Clause.** – If any provision of this Act is declared unconstitutional,
42 the remaining parts or provision not affected thereby shall remain in full force and effect.
43

44 **SEC. 28. Repealing Clause.** – All laws, decrees, executive orders, implementing rules
45 and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are
46 deemed repealed, amended or modified accordingly.
47

48 **SEC. 29. Effectivity.** – This Act shall take effect fifteen (15) days after its publication
49 in the Official Gazette or in a newspaper of general circulation.
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1 Approved,
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