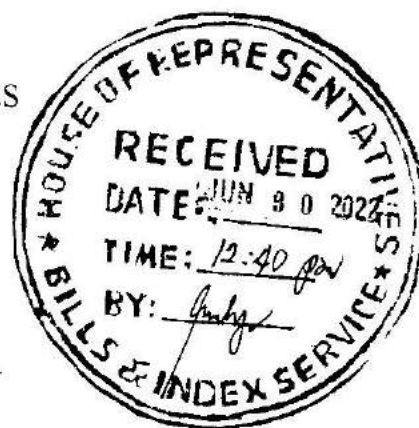


Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

Nineteenth Congress  
First Regular Session

HOUSE BILL NO. 53



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Introduced by **Representative JOEY SARTE SALCEDA**

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**AN ACT**  
**INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING**  
**SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115,**  
**116, 128, 200, 236, 237, 245, and 248, 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.

This bill seeks to modernize tax administration and improve tax compliance. There are three main reasons for reforming our tax administration system.

First, tedious tax administration results in lower ease of doing business. Tax compliance constraints on businesses were magnified during the pandemic. Since the Bureau of Internal Revenue (BIR) is still in the process of transitioning into a fully electronic tax filing and payment system, taxpayers were still required to physically file hard copies of documents and pay their tax dues to comply with set deadlines in the face of health concerns.

The 2015 World Bank Enterprise survey revealed that businesses, especially the small and medium enterprises, find the country's tax administration a major constraint. This is in large part because of the one-size-fits-all approach given to the currently limited classification of

taxpayers despite differences in capacity to comply with tax requirements. Understandably, strict verification processes are necessary for large taxpayers, but simple taxpayer transactions for small taxpayers need not be as tedious.

Second, complicated tax administration policies result in higher uncollected revenues, or tax gap. Tax gap is the difference between what the policy theoretically allows to collect, and what the collecting agencies actually generate.

In 2018, the estimated total tax gap was Php909 billion which was the combination of the estimated tax gaps on personal income tax, corporate income tax, VAT and excise taxes on cigarettes, alcohol, and petroleum products. The bulk of this came from VAT and CIT, each amounting to Php350 billion. This significant tax gap gives us a picture of inefficiency due to outdated or complicated tax administration policies as well as the extent of taxpayers' non-compliance.

Finally, complex tax administration results in low tax morale and higher tax uncertainty. During my stint with investment banking, I had to deal with tax uncertainty as a major hurdle to investment. Tax uncertainty makes the company valuation ambiguous and more high-risk. It increases the hurdle rate for investment, making destinations with low tax morale less attractive to investment. And it increases tax compliance costs, with a very real impact on the bottomline and earnings-per-share.

Our estimate is that tax uncertainty contributes up to 3.43 percentage points more to the hurdle rate for investing in the Philippines. This means that a potential business has to have a profit margin of 3.43% more than usual for an investor to consider investing in the Philippines. Our estimates suggest that we could capture a broad range of industries, from telecommunications to semiconductors, from pharmaceuticals to information services, if we reduce our tax uncertainty.

Low tax morale and high tax uncertainty has a real impact on the economy. We estimate 0.68 to 1.02 percentage points in foregone real GDP growth annually (depending on share of capital formation) due to foregone investments because of low tax morale.

The Ease of Paying Taxes bill seeks to address these concerns, among others, through the following:

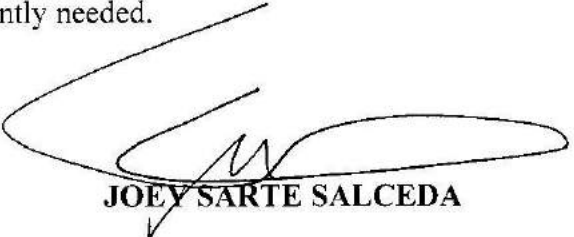
1. Simplification of the process of filing tax returns for small taxpayers to help facilitate their compliance with tax rules and regulations;
2. Removal of the required Php500.00 annual taxpayer registration fee;
3. Introduction of a medium taxpayer classification and a corresponding BIR special unit to capture and safeguard at least 90% of the country's tax collections that this segment contributes, along with large taxpayers;
4. Relaxation of rules on filing and payment by separating the acts of filing from payment thereby giving taxpayers the flexibility to choose to pay as they file or file and pay in their respective districts;
5. Enhanced portability of tax transactions by removing venue restrictions in the filing of returns and payment of taxes;
6. Creation of registration facilities for non-resident taxpayers;
7. Removal of the distinction between sales invoice and official receipts for purposes of recognizing VAT transactions and making sales invoices the document to be used by taxpayers to substantiate VAT transactions whether for sale of goods or services; and

8. Institutionalization of a Taxpayer's Bill of Rights to serve as the guiding principle in formulating and implementing tax policies and to increase taxpayers' awareness of their rights to enable them to exercise and protect the same.

The tax administration efficiency resulting from the passage of this measure shall yield an estimated Php73.1 billion additional revenues over a period of five (5) years. We also expect to reduce opportunities for corruption and improve taxpayer experience through the modernization of tax administration procedures.

Ultimately, we aim to boost taxpayer morale by building trust and legitimacy between the government and taxpayers as it holds the potential to increase revenues which translates to additional infrastructure and better social and health services for our fellow Filipinos.

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



**JOEY SARTE SALCEDA**

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

Nineteenth Congress  
First Regular Session

HOUSE BILL NO. 53

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Introduced by **Representative JOEY SARTE SALCEDA**

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**AN ACT**  
**INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING**  
**SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115,**  
**116, 128, 200, 236, 237, 245, and 248, 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:*

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

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

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

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

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

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

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

**“SEC. 21. Sources of Revenue[. –] AND CLASSIFICATION OF**  
**TAXPAYERS. –**

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

- "(a) Income tax;
- "(b) Estate and donor's taxes;
- "(c) Value-added tax;
- "(d) Other percentage taxes;
- "(e) Excise taxes;
- "(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 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 AND FINANCIAL FACTORS: *PROVIDED*, THAT THE SECRETARY OF FINANCE SHALL PROVIDE CLASSIFICATIONS FOR LARGE AND MEDIUM TAXPAYERS AND INTRODUCE ADDITIONAL CLASSIFICATION OF TAXPAYERS AS MAY BE DEEMED NECESSARY AND REASONABLE TO ACHIEVE BETTER SERVICE AND TAX ADMINISTRATION: *PROVIDED*, *FURTHER*, THAT FOR EVERY CLASS OF TAXPAYERS, THE BUREAU OF INTERNAL REVENUE MAY PROVIDE FOR A SPECIAL UNIT TO 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 further amended to read as follows:

**“SEC. 22. Definitions.** — When used in this Title:

x x x

**(II) THE TERM “FILING OF RETURN” SHALL REFER TO THE ACT OF ACCOMPLISHING AND SUBMITTING THE PRESCRIBED TAX 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 further amended to read as follows:

**“SEC. 51. Individual Returns.** —

x x x

**(B) Where to File.** - Except in cases where the Commissioner otherwise permits, the return shall be filed with [an] **ANY** authorized agent bank, Revenue District Officer, Collection Agent [or duly authorized Treasurer of the city or municipality in which such person has his legal residence or principal place of business in the Philippines], or if there be no legal residence or place of business in the Philippines, with the Office of the Commissioner.”

x x x

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

**“SEC. 56. Payment and Assessment of Income Tax for Individuals and Corporations.** —

**(A) Payment of Tax.** —

**(1) In General.** — The total amount of tax imposed by this Title shall be paid by the person subject thereto [at the time] **DURING the FILING OF THE** return [is filed], **OR BEFORE IT IS DUE.** In the case of tramp vessels, the shipping agents and/or the husbanding agents, and in their absence, the captains thereof are required to file the return herein provided and pay the tax due thereon before their departure. Upon failure of the said agents or captains to file

the return and pay the tax, the Bureau of Customs is hereby authorized to hold the vessel and prevent its departure until proof of payment of the tax is presented or a sufficient bond is filed to answer for the tax due.”

X X X

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

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

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

X X X

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

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

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

**(B)** X X X

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

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

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

X X X

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

**“SEC. 90. Estate Tax Returns.** –

X X X

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

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

**“SEC. 91. Payment of Tax.** –

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

X X X

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

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

**(A)** X X X

**(B) Time and Place of Filing and Payment.** – The return of the donor required in this Section shall be filed within thirty (30) days after the date the gift is made and the tax due thereon shall be paid [at the time of filing]

**DURING THE FILING OF THE DECLARATION OR RETURN, OR BEFORE IT IS DUE, IN A MANNER PRESCRIBED BY THE COMMISSIONER.** Except in cases where the Commissioner otherwise permits, the return shall be filed and the tax paid to an authorized agent bank, [the] Revenue District Officer, **OR** Revenue Collection Officer [or duly authorized Treasurer of the city or municipality where the donor was domiciled at the time of the transfer, or if there be no legal residence in the Philippines, with the Office of the Commissioner]. In the case of gifts made by a nonresident, the return may be filed with the Philippine Embassy or Consulate in the country where he is domiciled at the time of the transfer, or directly with the Office of the Commissioner.”

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

**“SEC. 106. Value-Added Tax on Sale of Goods or Properties. –**

**(A) *Rate and Base of Tax.* – x x x**

**(1) x x x**

(a) x x x

(b) x x x

(c) x x x

(d) x x x

(e) x x x

**FOR PURPOSES OF THIS SECTION,** [The] **THE** term ‘gross selling price’ means the total amount of money or its equivalent which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax. The excise tax, if any, on such goods or properties shall form part of the gross selling price.

**(2) x x x**

**(B) x x x**

**(C) x x x**

**(D) *Sales Returns, Allowances and Sales Discounts.* –** The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the gross sales or [receipts] **GROSS SELLING PRICE** for the quarter in which a

refund is made or a credit memorandum or refund is issued. Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given.”

(E) x x x

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

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

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

x x x

**FOR PURPOSES OF THIS SECTION, [The] THE** term ‘gross [receipts] **SELLING PRICE**’ means the total amount of money or its equivalent [representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person,] **WHICH THE PURCHASER PAYS OR IS OBLIGATED TO PAY TO THE SELLER IN CONSIDERATION OF THE SALE, BARTER, OR EXCHANGE OF SERVICES AND THE USE OR LEASE OF PROPERTIES,** excluding value-added tax.

x x x

SEC. 15. Section 109 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**“SEC. 109. Exempt Transactions. –**

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

x x x

(CC) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales [and/or receipts] do not exceed the amount of Three million pesos

(P3,000,000)[.]: **PROVIDED, THAT THE AMOUNT HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE NOT LATER THAN JANUARY 31, 2021, AND EVERY THREE (3) YEARS THEREAFTER, BASED ON THE CONSUMER PRICE INDEX THAT IS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).**

SEC. 16. Section 110 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**“SEC. 110. *Tax Credits.* –**

**(A) *Creditable Input Tax.* –**

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

**(a)** Purchase or importation of goods:

**(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.”

x x x

SEC. 17. Section 112 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**“SEC. 112. *Refunds or Tax Credits of Input Tax.* —**

x x x

**(C) *Period within which THE Refund of Input Taxes shall be Made.***

– In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the [official receipt or] invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: *Provided, That* should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

x x x

SEC. 18. 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 Requirement[s].*** — A VAT-registered person shall issue[:

(1) A] A VAT invoice for every sale, barter or exchange **OR LEASE** 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.”

***(B) Information Contained in the VAT Invoice [or VAT Official Receipt].*** — The following information shall be indicated in the VAT invoice [or VAT official receipt]:

(1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: Provided, That:

(a) The amount of the tax shall be shown as a separate item in the invoice [or receipt];

(b) If the sale is exempt from value-added tax, the term 'VAT-exempt sale' shall be written or printed prominently on the invoice [or receipt];

(c) If the sale is subject to zero percent (0%) value-added tax, the term 'zero-rated sale' shall be written or printed prominently on the invoice [or receipt];

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice [or receipt] shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice [or receipt]: Provided, That the seller may issue separate invoices [or receipts] for the taxable, exempt, and zero-rated components of the sale.

**(3)** x x x

(4) x x x

(C) x x x

**(D) *Consequence of Issuing AN Erroneous VAT Invoice [or VAT Official Receipt]. —***

(1) If a person who is not a VAT-registered person issues an invoice [or receipt] showing his Taxpayer Identification Number (TIN), followed by the word 'VAT':

(a) The issuer shall, in addition to any liability to other percentage taxes, be liable to:

(i) The tax imposed in Section 106 or 108 without the benefit of any input tax credit; and

(ii) A fifty percent (50%) surcharge under Section 248 (B) of this Code;

(b) The VAT shall, if the other requisite information required under Subsection (B) hereof is shown on the invoice [or receipt], be recognized as an input tax credit to the purchaser under Section 110 of this Code.

(2) If a VAT-registered person issues a VAT invoice [or VAT official receipt] for a VAT-exempt transaction, but fails to display prominently on the invoice [or receipt] the term 'VAT-exempt sale', the issuer shall be liable to account for the tax imposed in Section 106 or 108 as if Section 109 did not apply.

x x x

SEC. 19. Section 114 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

**(A) *In General.*** — Every person liable to pay the value-added tax imposed under this Title shall file a quarterly return of the amount of his gross sales [or receipts] within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: Provided, however, That VAT-registered persons shall pay the value-added tax on a monthly basis: Provided, finally, That beginning January 1, 2023, the filing and payment required under this Subsection shall be done within twenty-five (25) days following the close of each taxable quarter.

x x x

**(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].”

x x x

SEC. 20. Section 115 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

**“SEC. 115. *Power of the Commissioner to Suspend the Business Operations of a Taxpayer.*** — The Commissioner or his authorized representative is hereby empowered to suspend the business operations and temporarily close the business establishment of any person for any of the following violations:

**(a) *In the case of a VAT-registered Person.*** —

(1) Failure to issue [receipts or] invoices;

(2) Failure to file a value-added tax return as required under Section 114; or

(3) Understatement of taxable sales [or receipts] by thirty percent (30%) or more of his correct taxable sales [or receipts] for the taxable quarter.

x x x

SEC. 21. Section 116 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**“SEC. 116. *Tax on Persons Exempt from Value-Added Tax (VAT).*** – Any person whose sales [or receipts] are exempt under Section 109 (BB) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay a tax equivalent to three percent (3%) of his gross quarterly sales [or receipts]; Provided, That cooperatives, shall be exempt from the three percent (3%) gross receipts tax herein imposed.”

SEC. 22. 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.*** –

x x x

**(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] 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. 23. 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.* –**

x x x

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

x x x

SEC. 24. Section 236 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

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

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

The registration shall contain the taxpayer’s name, [style,] place of residence, business, and such other information as may be required by the Commissioner in the form prescribed therefor: *Provided, THAT THE COMMISSIONER SHALL ENSURE THE AVAILABILITY OF REGISTRATION FACILITIES TO TAXPAYERS WHO ARE NOT RESIDING IN THE COUNTRY: PROVIDED, FURTHER,* That the Commissioner shall simplify

the business registration and tax compliance requirements of self-employed individuals and/or professionals.

x x x

**[(B) Annual Registration Fee.** – An annual registration fee in the amount of Five hundred pesos (PhP500) for every separate or distinct establishment or place of business, including facility types where sales transactions occur, shall be paid upon registration and every year thereafter on or before the last day of January: Provided, however, That cooperatives, individuals earning purely compensation income, whether locally or abroad, and overseas workers are not liable to the registration fee herein imposed.

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

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

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

**[(E)] (D) Other Updates.** – x x x

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

**(1) General Rule.** – The registration of any person who ceases to be liable to a tax type shall be cancelled upon **MERE** filing with the Revenue District Office where he is registered, an application for registration information update in a form prescribed therefor[;]. **HOWEVER, THIS SHALL NOT PRECLUDE THE REVENUE DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN ORDER TO DETERMINE ANY TAX LIABILITY: PROVIDED, THAT THE DECISION TO CONDUCT THE AUDIT IS BASED ON RISK ASSESSMENT EVALUATION.**

**(2) Cancellation of Value-Added Tax Registration.** – x x x

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

**[(H)] (G) Optional Registration for Value-Added Tax of Exempt Person.** – x x x

**[(I)] (H) Supplying of Taxpayer Identification Number (TIN).** – x x x”

SEC. 25. Section 237 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

**(A) Issuance.** — All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (PhP100.00) or more, issue duly registered receipts or sale or commercial invoices, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, [business style, if any,] and address of the purchaser, customer or client: Provided, further, That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser.”

x x x

SEC. 26. 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[. 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]* **FURTHER**, 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.]

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

SEC. 27. Section 248 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

**“SEC. 248. Civil Penalties. —**

(A) There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to twenty-five percent (25%) of the amount due, in the following cases:

(1) Failure to file any return and pay the tax due thereon as required under the provisions of this Code or rules and regulations on the date prescribed; or

[(2) Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed;]

[(3)] (2) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or

[(4)] (3) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of this Code or rules and regulations, or the full amount of tax due for which no return is required to be filed, on or before the date prescribed for its payment.

X X X

SEC. 28. A new Title XIV shall be added in the National Internal Revenue Code of 1997, as amended, to read as follows:

#### **“TITLE XIV**

#### **“RIGHTS OF TAXPAYERS**

**“SEC. 291. *TAXPAYER’S BILL OF RIGHTS.* – IN ADDITION TO THE RIGHTS AND REMEDIES OF THE TAXPAYER PROVIDED IN THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, THE TAXPAYER SHALL HAVE THE FOLLOWING SET OF FUNDAMENTAL RIGHTS:**

- 1. TO PAY NO MORE THAN THE CORRECT AMOUNT OF TAX;**
- 2. TO A FAIR AND JUST TAX SYSTEM;**
- 3. TO BE INFORMED WITH TIMELY AND EASY TO UNDERSTAND INFORMATION;**
- 4. TO QUALITY SERVICE AND TAX EDUCATION;**
- 5. TO THE CONSISTENT AND TRANSPARENT APPLICATION OF THE LAW;**
- 6. TO HAVE THE CLASSIFICATION OF TAXPAYER CONSIDERED WHENEVER TAX RULES ARE PREPARED AND ENFORCED;**

7. TO PRIVACY AND CONFIDENTIALITY OF INFORMATION, UNLESS AUTHORIZED BY THE TAXPAYER OR BY LAW;
8. TO SPEEDY DISPOSITION OF CASES, ASSESSMENTS, AUDITS, INVESTIGATIONS AND OTHER SIMILAR ACTIONS;
9. TO FINALITY OF TAX CASES; AND
10. TO BE PROTECTED AGAINST MALICIOUS, EXCESSIVE, AND WRONGFUL ASSESSMENTS AND TO SEEK REDRESS FOR THE SAME."

**"SEC. 292. TAXPAYER'S ADVOCATE OFFICE. – THE OFFICE OF THE TAX ADVOCATE IS HEREBY CREATED UNDER THE SUPERVISION AND CONTROL OF THE DEPARTMENT OF FINANCE AND INDEPENDENT FROM THE BUREAU OF INTERNAL REVENUE. ITS POWERS AND DUTIES SHALL INCLUDE:**

1. ENSURE THAT THE RIGHTS OF THE TAXPAYERS ARE PROTECTED AND PROVIDE ASSISTANCE TO THE TAXPAYERS IN RELATION THERETO;
2. IDENTIFY SYSTEMIC PROBLEMS WITHIN THE BUREAU OF INTERNAL REVENUE WHICH HAMPERS EFFICIENT AND FAIR TAX ADMINISTRATION AND PROPOSE CHANGES THEREIN TO MITIGATE IDENTIFIED PROBLEMS, WHETHER ADMINISTRATIVE OR LEGISLATIVE IN NATURE;
3. REPORT DIRECTLY TO THE COMMISSIONER OF INTERNAL REVENUE OUTPUTS AND OUTCOMES THAT RESULT FROM THE EXECUTION OF ITS DUTIES, AND COORDINATE ITS OTHER FUNCTIONS SUCH AS, BUT NOT LIMITED TO, THE DEVELOPMENT AND IMPLEMENTATION OF PROGRAMS THAT WILL HELP EDUCATE TAXPAYERS AND EFFECTIVELY DISSEMINATE THE TAXPAYER'S BILL OF RIGHTS; AND

**4. PERFORM SUCH OTHER FUNCTIONS AS MAY BY  
PROVIDED BY LAW OR REQUIRED BY THE SECRETARY  
OF FINANCE.”**

SEC. 29. Title XIV and Title XV of the National Internal Revenue Code of 1997, as amended, are hereby renumbered as Title XV and Title XVI, respectively, and the succeeding sections shall be renumbered accordingly.

SEC. 30. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining parts or provision not affected thereby shall remain in full force and effect.

SEC. 31. *Repealing Clause.* – All laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are deemed repealed, amended or modified accordingly.

SEC. 32. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

*Approved,*