



**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7251



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This bill seeks to rationalize the rewards given to informers of tax violators to incentivize individuals to report tax evasion and noncompliance to the relevant authorities. The rationale behind this law is to encourage greater tax compliance, which helps to increase revenue collection and reduce the tax gap.

Under this measure, individuals who provide information about tax violators to the relevant authorities may receive a reward for the information they provide. Rationalizing the rewards given to informers ensures that the rewards are fair and reasonable. This rationalizing means that the rewards should be proportionate to the information provided and the amount of tax recovered. Rationalizing the rewards also helps prevent system abuse, such as false reporting, and ensures that the informers receive what their due.

In summary, this bill rationalizes the rewards given to informers of tax violators to promote tax compliance and improve revenue collection. By incentivizing individuals to report tax evasion and noncompliance, this law helps to deter tax evasion and increase revenue for the government.

Hence, this representation seeks the passage of this measure.


RUDYS CAÉSAR G. FARIÑAS I



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**AN ACT
PROVIDING FOR A COMPREHENSIVE AND RATIONALIZED GRANT OF
REWARDS TO INFORMERS FOR THE DISCOVERY OF VIOLATIONS OF
INTERNAL REVENUE AND CUSTOMS LAWS**

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

1 SECTION 1. ***Informer's Reward for the Discovery of Violations of the***
2 ***National Internal Revenue Code.*** – Any person, except an internal revenue
3 official or employee, or any public official or employee or said official's or
4 employee's relative within the third degree of consanguinity or affinity, who
5 voluntarily gives definite and sworn information, not yet in the possession of the
6 Bureau of Internal Revenue (BIR), stating facts personally known to the informer,
7 leading to the discovery of fraud related to internal revenue laws or violations of
8 any of the provisions thereof, thereby resulting in the recovery of revenues,
9 surcharges and fees, and/or the conviction of the guilty party and/or the
10 imposition of any of the fine or penalty, shall be rewarded in a sum equivalent to
11 ten percent (10%) of the revenues, surcharges or fees recovered and/or fine or
12 penalty imposed and collected or Ten million pesos (₱10,000,000.00) per case,
13 whichever is lower.

1 The same amount of reward shall also be given to informers in cases where
2 the violator has offered to compromise the violation of law committed and the
3 offer has been accepted by the Commissioner on Internal Revenue and in such
4 case, the reward shall be ten percent (10%) or Ten million pesos
5 (P10,000,000.00), whichever is lower, of the amount agreed upon in the
6 compromise and actually collected from the violator.

7 SEC. 2. ***Informer's Reward for Discovery and Seizure of Smuggled***
8 ***Goods.*** – Any person, except a customs official or employee, or any public official
9 or employee or said official's or employee's relative within the third degree of
10 consanguinity or affinity, who voluntarily gives definite and sworn information,
11 not yet in the possession of the Bureau of Customs (BOC), stating facts
12 personally known to the informer leading to the discovery and seizure of
13 smuggled goods shall be rewarded in an amount equivalent to twenty percent
14 (20%) of the actual proceeds of the sale of such smuggled and confiscated goods,
15 or of the actual collection of additional revenues or surcharges or fees recovered
16 and/or fine or penalty imposed and collected or Ten million pesos
17 (P10,000,000.00), whichever is lower.

18 SEC. 3. ***Non-payment of Informer's Reward.*** – The informer shall not be
19 entitled to a reward if no additional revenue, surcharge or fee and/or fine or
20 penalty is actually recovered or collected in accordance with Sections (1) and (2)
21 of this Act, or if the information obtained refers to a case already pending or
22 previously investigated or examined by the Commissioner of Internal Revenue or
23 the Commissioner of Customs, or any of their deputies, agents or examiners, as
24 the case may be.

25 The provisions of Sections (1) and (2) notwithstanding, all public officials,
26 whether incumbent, retired or separated from service, who acquired the
27 information in the course of the performance of their duties during their
28 incumbency, are prohibited from claiming the informer's reward.

1 SEC. 4. ***Filing and Claiming of Rewards.*** – Applications for rewards
2 granted under this Act shall be filed by the informer with the Office of the
3 Commissioner of Internal Revenue or the Commissioner of Customs, as the case
4 may be, who shall approve of the same. Rewards granted herein amounting to
5 more than One million pesos (₱1,000,000.00) shall, upon the approval of the
6 reward, be automatically reviewed by the Secretary of Finance. In both cases,
7 the rewards granted shall be paid to the informer only after revenues, surcharges
8 or fees and/or fine or penalty are actually recovered or collected in accordance
9 with law, and after all reports and documents required for the evaluation and
10 approval of the claim for informer's reward, including the endorsement by the
11 Commissioner of Internal Revenue or the Commissioner of Customs, as the case
12 may be, shall have been submitted to the Department of Finance (DOF) in
13 appropriate cases.

14 In all instances, a definite and sworn information given for the purpose of
15 claiming the reward shall be filed personally by the person having such
16 information, prohibiting representation by any other person, organization, or any
17 other similar group facilitating rewards.

18 SEC. 5. ***Rewards Payable from Proceeds.*** – The reward authorized under
19 this Act shall be paid out of revenues, surcharges or fees and/or fine or penalty
20 actually recovered or collected and accounted for in accordance with law as a
21 result of the information furnished by the informer and in accordance with the
22 rules and regulations issued by the Secretary of Finance.

23 The rewards of the informers shall be subject to income tax, collected as a
24 final withholding tax, at the rate of twenty percent (20%).

25 SEC. 6. ***Confidentiality of Informer's Identity; Penalties for***
26 ***Unauthorized Disclosure.*** – It shall be unlawful for any official or employee of

1 the BIR, the BOC, or the DOF to disclose or reveal the name of any informer. The
2 identity of the informer shall not be revealed except:

3 (a) When the informer has given written consent; or

4 (b) When the information that the informer provided is proven to be
5 malicious or false.

6 Any provision of general or special law to the contrary notwithstanding,
7 disclosure of such confidential information shall be punished by a fine of not
8 less than Five hundred thousand pesos (₱500,000.00) but not more than One
9 million pesos (₱1,000,000.00), and imprisonment of not less than ten (10) years
10 but not more than fifteen (15) years. The offender shall likewise suffer an
11 additional penalty of perpetual disqualification to hold public office, to vote and
12 to participate in any public election.

13 SEC. 7. **Action in Cases Involving False or Malicious Information.** – If
14 the information provided by the informer later turns out to be false or has been
15 made only for the purpose of harassing, molesting or in any way prejudicing the
16 person so denounced, the person so denounced is entitled to take criminal or
17 civil action as the facts may warrant.

18 Any application which may be found unwarranted based on law or
19 jurisprudence, or which contains false facts, may be denied for malicious filing
20 and without prejudice to any action, civil or criminal, against the informer. Any
21 application that is denied for malicious filing or misrepresentation may not be
22 refiled.

23 SEC. 8. **Appropriations.** – All proceeds resulting from the recovery of
24 revenues, surcharges, fees, and/or imposition of fine or penalty, and/or from the
25 sale of smuggled and confiscated goods, shall automatically be appropriated as
26 follows:

1 (a) Ten percent (10%) shall be allocated and used as informer's reward in
2 accordance with Section 1 hereof and ninety percent (90%) shall be remitted to
3 the General Fund; and

4 (b) Twenty percent (20%) shall be allocated and used as informer's reward
5 in accordance with Section 2 hereof and eighty percent (80%) shall be remitted
6 to the General Fund.

7 The informer's rewards shall be deposited with the National Treasury and
8 recorded as trust receipts in accordance with E.O. No. 338, s. 1996.

9 SEC. 9. **Implementing Rules and Regulations.** – Within thirty (30) days
10 from the approval of this Act, the Secretary of Finance shall, upon the
11 recommendation of the Commissioner of Internal Revenue and the
12 Commissioner of Customs, promulgate the necessary rules and regulations for
13 the effective implementation of this Act.

14 SEC. 10. **Repealing Clause.** – The following are hereby repealed:

15 (a) Section 282 of Republic Act No. 8424, otherwise known as the "*Tax*
16 *Reform Act of 1997*;"

17 (b) Section 1512 of Republic Act No. 10863, otherwise known as the
18 "*Customs Modernization and Tariff Act*;" and

19 (c) Republic Act No. 2338, as amended, entitled "*An Act to Provide for*
20 *Reward to Informers of Violations of the Internal Revenue and Customs Laws*."

21 All laws, decrees, executive orders, issuances and rules and regulations or
22 parts thereof that are contrary to and inconsistent with any provision of this Act
23 are hereby repealed, amended or modified accordingly.

24 SEC. 11. **Effectivity.** – This Act shall take effect fifteen (15) days after its
25 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,