

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4594



Introduced by **Representative Ryan S. Recto**

EXPLANATORY NOTE

A comprehensive tax reform law was passed in 1997. After two decades, various sectors have clamored for another tax reform to make our tax system more equitable. The government responded by the enactment of Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) Law, and Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. The granting of a general tax amnesty should ideally be considered first as a prelude to the adoption of a comprehensive tax reform program to give erring taxpayers an opportunity to come up with a clean slate and begin paying the correct taxes.

Aside from making our tax system more equitable, it is also the intent of adopting a comprehensive tax reform program to simplify the tax compliance requirements. The complexity of the current tax system makes it difficult for the small businessmen, entrepreneurs and other income earners to comply with the requirements of the law for the payment of taxes, thereby resulting in an inadvertent failure to file tax returns and pay the corresponding correct taxes due thereon.

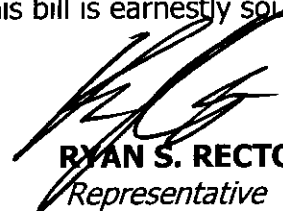
This proposed measure seeks to grant a general tax amnesty program to promote and enhance revenue administration and collection. It would also encourage voluntary compliance by the taxpayers to pay the correct taxes.

Moreover, this bill seeks to broaden the tax base by requiring taxpayers who will avail of the tax amnesty to file their Statement of Assets, Liabilities and Net Worth (SALN) or Statement of Total Assets (STA). Declaring the net worth or total assets will greatly contribute to the government's effort to organize taxpayers' records and information. It will promote a broader tax base that will lead to collection of higher tax revenues.

Furthermore, the bill contains a provision granting immunity from civil, criminal and administrative penalties to erring taxpayers in order to encourage those operating in the underground economy to legitimize their business operations.

Lastly, by creating a large database of taxpayers containing their corresponding personal information and SALN or STA, this proposed measure could greatly help the government in its effort to prevent money laundering in the country.

In view of the foregoing, the approval of this bill is earnestly sought.



RYAN S. RECTO
Representative
6th District, Batangas

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HOUSE BILL NO. 4594

Introduced by **Representative Ryan S. Recto**

AN ACT
ENHANCING REVENUE ADMINISTRATION AND COLLECTION BY GRANTING
AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE
NATIONAL GOVERNMENT FOR TAXABLE YEAR 2024 AND PRIOR YEARS

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

TITLE I
PRELIMINARY PROVISIONS

Section 1. *Short Title.* – This Act shall be known as the “*General Tax Amnesty Act of 2025*”.

Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to protect and enhance revenue administration and collection, and make the country’s tax system more equitable, by simplifying the tax compliance requirements. Towards this end, the State shall:

- a) Broaden the tax base by offering a general tax amnesty for all unpaid internal revenue taxes that will help cleanse, organize, and improve the Bureau of Internal Revenue’s database; and
- b) Provide a more equitable tax system by adopting a comprehensive tax reform program that will simplify the requirements on tax amnesties with the use of simplified forms, and utilization of information technology in broadening the tax base.

Sec. 3. *Definition of Terms.* – As used in this Act:

- a) Statement of Assets, Liabilities, and Net Worth refers to a declaration of the assets, liabilities, and net worth as of December 31, 2024, as follows:

- 1) Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business: Provided, That property other than money shall be valued at the cost at which the property was acquired: Provided, further, That foreign currency assets and/or securities shall be valued at the rate of exchange prevailing as of the date of the Statement of Assets, Liabilities, and Net Worth;
 - 2) All existing liabilities which are legitimate and enforceable, secured or unsecured, whether or not incurred in trade or business; and
 - 3) The net worth of the taxpayer, which shall be the difference between the total assets and total liabilities.
- b) Total Asset refers to the amount of the aggregate assets whether within or without the Philippines, real or personal, tangible or intangible, or ordinary or capital.

TITLE II GENERAL TAX AMNESTY

Sec. 4. *Coverage.* – There is hereby authorized and granted a tax amnesty, hereinafter called General Tax Amnesty, which shall cover all national internal revenue taxes such as, but not limited to, income tax, withholding tax, capital gains tax, donor's tax, value-added tax, other percentage taxes, excise taxes and documentary stamp tax collected by the Bureau of Internal Revenue (BIR), including value-added tax and excise taxes collected by the Bureau of Customs for taxable year 2024 and prior years, with or without assessments duly issued therefor, that have remained unpaid: *Provided, however,* That the General Tax Amnesty hereby authorized and granted shall not cover persons or cases enumerated under Section 10 hereof.

Sec. 5. *Entitlement under the General Tax Amnesty.* – Except for the instances covered in Section 10 hereof, any person, whether natural or juridical, may enjoy the immunities and privileges of the General Tax Amnesty by paying, at the taxpayer's option, an amnesty tax at:

- a) the rate of two percent (2%) based on the taxpayer's total assets as of December 31, 2024, as declared in the Statement of Total Assets; or
- b) based on the taxpayer's total net worth as of December 31, 2024, as declared in the Statement of Assets, Liabilities, and Net Worth filed pursuant to Section 6 hereof and in accordance with the following schedule of amnesty tax rates and minimum amnesty tax payments required:
 - 1) Individual (whether resident or non-resident citizens, including resident or non-resident aliens), Trusts and Estates 5% or P75,000, whichever is higher.
 - 2) Corporations

- i) With subscribed capital of above P50 million 5% or P1,000,000, whichever is higher.
 - ii) (2) With subscribed capital of above P20 million up to P50 million 5% or P500,000, whichever is higher.
 - iii) (3) With subscribed capital of P5 million up to P20 million 5% or P250,000, whichever is higher.
 - iv) (4) With subscribed capital of below P5 million 5% or P100,000, whichever is higher.
- 3) Other juridical entities, including, but not limited to, cooperatives and foundations, that have become taxable as of December 31, 2024 5% or P75,000, whichever is higher.
- Provided,* That if the taxpayer opts to pay the amnesty tax based on total net worth and the computed net worth is negative, the taxpayer may still avail of the benefits of tax amnesty under this Title, and pay the minimum amnesty tax.

Sec. 6. Availment of the General Tax Amnesty; When and Where to File and Pay. – Any person, natural or juridical, who wishes to avail of the General Tax Amnesty shall, within one (1) year from the effectivity of the Implementing Rules and Regulations, file with the BIR a sworn General Tax Amnesty Return accompanied by a notarized Statement of Total Assets or notarized Statement of Assets, Liabilities, and Net Worth, as the case may be, as of December 31, 2024. The payment of the amnesty tax shall be made at the time the return is filed.

Provided, That the Revenue District Officer shall issue and endorse an Acceptance Payment Form, in such form as may be prescribed in the Implementing Rules and Regulations of this Act authorizing the authorized agent bank, or in the absence thereof, the revenue collection agent or municipal treasurer concerned, to accept the amnesty tax payment.

Provided, further, That the availment of the General Tax Amnesty and the issuance of the corresponding Acceptance Payment Form shall not imply any admission of criminal, civil or administrative liability on the part of the availing taxpayer.

Provided, furthermore, That if the tax amnesty is availed based on the period indicated hereunder, the taxpayer shall be entitled to the corresponding reduction in the total amnesty tax due:

- a) If paid on or before the end of the third calendar month from the effectivity of the Implementing Rules and Regulations..... 20%

- b) If paid after the end of the third calendar month until the end of the sixth calendar month from the effectivity of the Implementing Rules and Regulations.....15%; and
- c) If paid after the end of the sixth calendar month until the end of the ninth calendar month from the effectivity of the Implementing Rules and Regulations10%

Sec. 7. Contents of the Statement of Total Assets and Statement of Assets, Liabilities, and Net Worth. –

- a) The Statement of Total Assets shall contain a declaration of the total assets as of December 31, 2024, as follows:
 - 1) Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business:
 - i) Real properties shall be accompanied by a description of their classification, exact location, and valued at acquisition cost, if acquired by purchase, or the zonal valuation or fair market value as shown in the schedule of values of the provincial, city or municipal assessors at the time of inheritance or donation, whichever is higher, if acquired through inheritance or donation;
 - ii) Personal properties other than money, shall be accompanied by a specific description of the kind and number of assets (i.e. automobiles, shares of stock, etc.) or other investments, indicating the acquisition cost less the accumulated depreciation or amortization, or the corresponding book value for shares of stock, in proper cases, if acquired by purchase, or the fair market price or value at the date of the Statement of Total Assets, if acquired through inheritance or donation;
 - iii) Assets denominated in foreign currency shall be converted into the corresponding Philippine currency equivalent, at the rate of exchange prevailing as of the date of the Statement of Total Assets; and
 - iv) Cash on hand and in bank in peso as of the date of the Statement of Total Assets, as well as cash on hand and in bank in foreign currency, converted to Philippine peso at the rate of exchange prevailing as of the date of the Statement of Total Assets.

b) The Statement of Assets, Liabilities, and Net Worth shall contain a true and complete declaration of assets, liabilities, and net worth of the taxpayer as of December 31, 2024, as follows:

- 1) Assets within or without the Philippines, whether real or personal, tangible or intangible, whether or not used in trade or business:
 - i) Real properties shall be accompanied by a description of their classification, exact location, and valued at acquisition cost, if acquired by purchase, or the zonal valuation or fair market value as shown in the schedule of values of the provincial, city or municipal assessors, at the time of inheritance or donation, whichever is higher, if acquired through inheritance or donation;
 - ii) Personal properties other than money, shall be accompanied by a specific description of the kind and number of assets (i.e. automobiles, shares of stock, etc.) or other investments, indicating the acquisition cost less the accumulated depreciation or amortization, or the corresponding book value for shares of stock, in proper cases, if acquired by purchase, or the fair market price or value at the date of the Statement of Assets, Liabilities, and Net Worth, if acquired through inheritance or donation;
 - iii) Assets denominated in foreign currency shall be converted into the corresponding Philippine currency equivalent, at the rate of exchange prevailing as of the date of the Statement of Assets, Liabilities, and Net Worth; and
 - iv) Cash on hand and in bank in peso as of the date of the Statement of Assets, Liabilities, and Net Worth, as well as cash on hand and in bank in foreign currency, converted to Philippine peso at the rate of exchange prevailing as of the date of the Statement of Assets, Liabilities, and Net Worth.
- 2) All existing liabilities, which are legitimate and enforceable, secured or unsecured, whether or not incurred in trade or business, disclosing or indicating clearly the name and address of the creditor and the amount of the corresponding liability.
- 3) The total net worth of the taxpayer, which shall be the difference between the total assets and total liabilities.

Sec. 8. Presumption of Correctness of the Statement of Total Assets, and Statement of Assets, Liabilities, and Net Worth. – The Statement of Total Assets or the Statement of Assets, Liabilities, and Net Worth, filed at the option of the taxpayer, shall be considered as true, correct, and final upon filing thereof, and shall be deemed complete upon full payment of the amount due, except where the amount of declared

total assets or net worth as of December 31, 2024 is proven to be understated to the extent of thirty percent (30%) or more.

The Acceptance Payment Form, and the General Tax Amnesty Return shall be submitted to the Revenue District Office after complete payment. The completion of these requirements shall be deemed full compliance with the provisions of this Act. A Certificate of Availment of the General Tax Amnesty shall be issued by the BIR within fifteen (15) calendar days from submission to the BIR of the Acceptance Payment Form and the General Tax Amnesty Return. Otherwise, the duplicate copies, stamped as received, of the Acceptance Payment Form, and the General Tax Amnesty Return shall be deemed as sufficient proof of availment.

Sec. 9. Immunities and Privileges. – Those who avail of the General Tax Amnesty and have fully complied with all the conditions set forth in this Act and upon payment of the amnesty tax shall be entitled to the following immunities and privileges:

- a) With respect to the years covered by the tax amnesty, the taxpayer shall be immune from the payment of taxes, as well as additions thereto, and from all appurtenant civil, criminal, and administrative cases and penalties under the National Internal Revenue Code of 1997, as amended, arising from the failure to pay any and all internal revenue taxes for taxable year 2024 and prior years and from such other investigations or suits insofar as they relate to the assets, liabilities, net worth, and internal revenue taxes that are subject of the tax amnesty.
- b) Any information or data contained in, derived from or provided by a taxpayer in the Tax Amnesty Return, Statement of Total Assets or Statement of Assets, Liabilities, and Net Worth, as the case may be, and appurtenant documents shall be confidential in nature and shall not be used in any investigation or prosecution before any judicial, quasi-judicial and administrative bodies: Provided, That the taxpayer may use this as a defense, whenever appropriate, in cases brought against the taxpayer.
- c) The books of accounts and other records of the taxpayer for the years covered by the tax amnesty availed of shall not be examined by the BIR: Provided, That the Commissioner of Internal Revenue may authorize in writing the examination of the said books of accounts and other records to verify the validity or correctness of a claim for any tax refund, tax credit (other than refund or credit of taxes withheld on wages), tax incentives, and/or exemptions under existing laws.

All these immunities and privileges shall not apply when the taxpayer failed to file a General Tax Amnesty Return and a Statement of Total Assets, or Statement of Assets, Liabilities, and Net Worth, as the case may be, or where the amount of declared total assets or net worth as of December 31, 2024 is proven to be understated to the extent of thirty percent (30%) or more, in accordance with the provisions of Section 7 hereof.

Upon full compliance with all the conditions set forth in this Title and payment of the corresponding general amnesty tax, the tax amnesty granted under this Title shall become final and irrevocable.

Sec. 10. Exceptions. – The General Tax Amnesty under this Act shall not extend to the following:

- a) Withholding tax agents who withheld taxes but failed to remit the same to the Bureau of Internal Revenue;
- b) Taxpayers with cases pending in appropriate courts involving:
 - 1) Those that fall under the jurisdiction of the Presidential Commission on Good Government;
 - 2) Unexplained or unlawfully acquired wealth under Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act, and Republic Act No. 7080 or An Act Defining and Penalizing the Crime of Plunder;
 - 3) Violations of Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act, as amended;
 - 4) Tax evasion and other criminal offenses under Chapter II of Title X of the National Internal Revenue Code of 1997, as amended;
 - 5) Felonies of frauds, illegal exactions and transactions, and malversation of public funds and property under Chapters III and IV of Title VII of the Revised Penal Code;
- c) Tax cases that have become final and executory;
- d) Delinquencies and assessments that have become final and executory; and
- e) Cases that are covered by Title II and IV of Republic Act No. 11213, as amended.

TITLE III

CONFIDENTIALITY AND NON-USE OF INFORMATION AND DATA, AND AMENDMENT TO THE STATEMENT OF TOTAL ASSETS AND STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH

Sec. 11. *Confidentiality and Non-use of Information and Data in the Statement of Total Assets and Statement of Assets, Liabilities, and Net Worth.* – Any information or data contained in, derived from or provided by a taxpayer in the Tax Amnesty Return, Statement of Total Assets or Statement of Assets, Liabilities, and Net Worth, as the case may be, and appurtenant documents shall be confidential in nature and

shall not be used in any investigation or prosecution before any judicial, quasi-judicial, and administrative bodies.

Any statement of assets, liabilities and net worth, financial statements, information sheets, and any such other statements or disclosures that may have been previously submitted by the taxpayer as required by existing laws are deemed to have been amended by the Tax Amnesty Return and/or the Statement of Total Assets or Statement of Assets, Liabilities, and Net Worth, as the case may be, filed under this Act and may not be the subject of any investigation or prosecution or be used in any investigation or prosecution before any judicial, quasi-judicial, and administrative bodies.

TITLE IV GENERAL PROVISIONS

Sec. 12. *Information Management System.* – For purposes of enhancing revenue administration, revenue collection and policy formulation, the Department of Finance, in coordination with the BIR, Land Registration Authority, Department of Trade and Industry, Securities and Exchange Commission, Land Transportation Office, and other agencies concerned shall institute an Information Management Program for the effective use of information declared or obtained from the Tax Amnesty Returns and Statement of Total Assets or Statement of Assets, Liabilities, and Net Worth, as the case may be, required to be filed under this Act.

All the statements and returns required under this Act shall be filed and processed separately from all other records of the BIR in accordance with the Implementing Rules and Regulations of this Act.

If the data requirements consist of information found in the income tax return of taxpayers, the requirements under Section 71 of the National Internal Revenue Code of 1997, as amended, shall still be complied with. The Information Management System shall also comply with the provisions of Republic Act No. 10173, otherwise known as the Data Privacy Act and such other laws relating to confidentiality of information.

TITLE V OFFENSES AND PENALTIES

Sec. 13. *Unlawful Divulgence of Tax Amnesty Return and Appurtenant Documents.* – It shall be unlawful for any person having knowledge of the Tax Amnesty Return and appurtenant documents, to disclose any information relative thereto, and any violation hereof shall be penalized a fine of One Hundred Fifty Thousand Pesos (P150,000.00) and imprisonment of not less than six (6) years but not more than ten (10) years: Provided, That if the offender is an officer or employee of the BIR or any government entity, the penalties under Section 270 of the National Internal Revenue Code of 1997, as amended, shall apply: Provided, further, That the offender shall likewise suffer an additional penalty of perpetual disqualification to hold public office.

TITLE VI
CONGRESSIONAL OVERSIGHT COMMITTEE
AND FINAL PROVISIONS

Sec. 14. *Report to Oversight Committee.* – The Commissioner shall submit to the Oversight Committee referred to in Section 290 of the National Internal Revenue Code of 1997, as amended, through the Chairpersons of the Committee on Ways and Means of the Senate of the Philippines and House of Representatives, a detailed report on the implementation of this Act within six (6) months after the one (1) year period of availment of the General Tax Amnesty.

Sec. 15. *Implementing Rules and Regulations.* – The Secretary of Finance shall, in coordination with the Commissioner of Internal Revenue, promulgate and publish the necessary rules and regulations of this Act within ninety (90) days from its effectivity.

The failure of the Secretary of Finance to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

Sec. 16. *Separability Clause.* – If any provision or part hereof is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

Sec. 17. *Repealing Clause.* – All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with this Act are hereby repealed, amended or modified accordingly.

Sec. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,