

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 6846



Introduced by **REPRESENTATIVE RICARDO S. CRUZ, JR.**

EXPLANATORY NOTE

Taxes are a vital source of revenue for governments, enabling them to fund essential public services, social programs, and infrastructure for the benefit of their citizens. Through the imposition of taxes on goods and services, the government is likewise able to regulate consumption and production, discourage wasteful or unnecessary activities, and promote the efficient allocation of resources. In the Philippines, taxation also serves as a tool for redistributing income and wealth within society.

While the duty to pay taxes is a fundamental obligation of every citizen, taxpayers must likewise be protected from unscrupulous revenue collection officers and from threats, abuses, harassment, or other inimical acts committed in the course of tax enforcement, especially against those who faithfully and correctly comply with their tax obligations.

In this regard, the proposed measure seeks to improve and ease the experience of taxpayers in dealing with revenue authorities. By strengthening safeguards for taxpayers and promoting transparency, fairness, and accountability in tax administration, the measure aims to build greater trust and confidence in the government. Ultimately, this will encourage voluntary compliance with tax laws and contribute to increased and sustainable government revenue collections.

For these reasons, the swift passage of the foregoing measure is earnestly sought.


RICARDO S. CRUZ JR.

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AN ACT
PROVIDING THE MAGNA CARTA FOR TAXPAYERS

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

SECTION 1. Declaration of Policy. – It is hereby declared the policy of the State to provide increased protection of taxpayers’ rights in complying with their obligation to pay national and local taxes to the government, to the end that abuses committed against taxpayers are prevented, if not completely eradicated, and taxes are collected responsibly. In turn, taxpayers are expected to faithfully comply with their tax obligations to the government

SEC. 2. Definition of Terms. – As used in this Act:

- (a) Assessment refers to the process of determining the amount of taxes, duties, and other charges to be paid by the taxpayer;
- (b) Revenue Authority refers, singly or collectively, to the Bureau of Internal Revenue, Bureau of Customs, Local Government Units, and other tax collecting agencies;
- (c) Revenue Officers refer to the officers, employees, and agents of the Revenue Authorities;
- (d) Summary Collection refers to the civil remedy of the government for the collection of accounts receivable or delinquent accounts by garnishment or distraint of personal property, or levy of real property;
- (e) Taxes refer to all exactions for revenue-raising purposes imposed under the National Internal Revenue Code of 1997, as amended, the Customs Modernization and Tariff Act, the Local Government Code of 1991, as amended, and all other tax laws;

(f) Taxpayer refers to any person, whether natural or juridical, subject to the tax imposed by the national and local governments; and

(g) Tax Audit refers to the examination into a taxpayer's obligation, and compliance with tax laws, rules, and regulations by Revenue Authorities.

SEC. 3. Taxpayer's Bill of Rights and Obligations. – Without prejudice to the other rights and remedies of the taxpayer provided for in the National Internal Revenue Code of 21 1997, as amended; Customs Modernization and Tariff Act; Republic Act No. 1125, creating the Court of Tax Appeals, as amended; Book II of the Local Government Code of 1991, as amended; and all other laws, rules and regulations, issuances, and circulars in support thereof, the taxpayer is hereto granted basic taxpayer rights, whether at the administrative level or at the judicial level: Provided, That nothing in this Act shall amend, modify, or repeal the provisions of the abovementioned laws: Provided, further, That the taxpayer is expected to observe and comply with tax obligations enumerated in this Act and in other relevant laws, rules, and regulations implemented by Revenue Authorities.

SEC. 4. Taxpayer's Basic Rights. – The following are the taxpayer's basic rights:

(a) Right to be Informed. – The taxpayer shall have the right to know in a simplified manner how one can comply with laws, rules, and regulations implemented by the Revenue Authorities. The taxpayer is entitled to clear, complete, accurate, and simplified explanation of tax laws, rules, regulations, procedures, and other issuances, as well as be apprised of the taxpayer's rights and obligations in all tax forms, publications, notices, correspondences, assessments, rulings, and decisions. In case of any deficiency tax finding, alleged violation, or decision or ruling rendered by Revenue Authorities, the taxpayer shall be informed in the written decision or ruling, clearly and sufficiently of the facts and laws thereon, including any supporting computation and documentation upon which these are based. The taxpayer shall have the right to be informed of a summary collection action by the Revenue Authorities, which requires sale or seizure of property or the freezing of assets.

The service of the notices and decisions to the taxpayers shall be made in accordance with laws, rules, and regulations;

(b) Right to Fair, Uniform, and Faithful Application of Laws. – The taxpayer shall have the right to a fair, uniform, and faithful application of laws, rules, regulations, and other issuances of Revenue Authorities in all proceedings involving the taxpayer;

(c) Right to Challenge the Position of and be Heard by Revenue Authorities. – The taxpayer shall have the right to challenge and raise objections against the findings, assessments, rulings, or decisions of the Revenue Authorities.

The taxpayer shall have the right to be heard, and the evidence presented by the taxpayer shall be duly considered by the Revenue Authorities in deciding any matter involving the taxpayer;

(d) Right to Fair and Impartial Proceedings Before the Revenue Authorities. – The taxpayer shall at all times be entitled to fair and impartial disposition of assessment cases, deficiency findings, requests for rulings, and decisions made by the Revenue Authorities;

(e) Right to Present Evidence and Witnesses. – The taxpayer shall have the right to be given ample and adequate opportunity to present evidence, including those in the possession of any third party, and call on witnesses to testify, as the case may be, that would assist the taxpayer in connection with any assessment or matter involving it;

(f) Right to be Assisted or Represented by a Qualified Professional of their Choice. – The taxpayer shall have the right to be assisted or represented by a competent and independent qualified professional, such as a legal counsel, accountant, or customs broker, of the taxpayer's own choice, in all administrative, civil, or criminal tax proceedings: Provided, That any communication, correspondence, or documents submitted or exchanged between the taxpayer and the qualified professional that they engage shall be considered strictly confidential, except as otherwise provided under existing laws, rules, and regulations;

(g) Right to Timely and Expeditious Completion and Finality of Tax Audits. – The taxpayer shall have the right to have the Revenue Authorities begin and complete tax audits and address pending requests and other matters in a timely and expeditious manner.

The taxpayer shall have the right to know when the Revenue Authorities have completed an audit or examination of the taxpayer;

(h) Right Against Baseless Assessment. – Tax authorities are prohibited from issuing assessments against taxpayers without the benefit of a proper audit conducted by authorized Revenue Authorities against taxpayers, otherwise, such assessments shall be void;

(i) Right to be Given an Opportunity for Amicable Settlement. – Unless contrary to law, the taxpayer shall have the opportunity to amicably settle deficiencies and delinquencies, at any stage of the proceedings: Provided, That said settlement must be in writing and duly signed by the parties or their agent;

(j) Right to Avail of Installment Payment. – In so far as may be permitted by law, the taxpayer shall have the right to settle tax liabilities through installment payments;

(k) Right to Pay the Correct Amount of Tax. – The taxpayer shall have the right to pay only the amount of tax legally due, including applicable interests, surcharges, fines, and penalties;

(l) Right to Relief from Paying Interests, Surcharges, and Penalties. – The taxpayer shall be entitled to a reduction of interests, surcharges, and penalties levied on tax liabilities in case of any excessive assessment or undue delay caused by Revenue Authorities, including instances of loss of records, personnel transfers, extended illness or leaves of absence, and personnel training, resignation, retirement, or termination from service of the concerned personnel;

(m) Right to Recover Actual Costs and Actual Damages Arising from Judicial Actions. – The taxpayer shall have the right to recover actual costs and actual damages, including attorney's fees and expenses of litigation, arising from judicial actions, as may be determined by a court of competent jurisdiction;

(n) Right to Quality Service and Assistance. – The taxpayer shall have the right to receive prompt, courteous, and professional assistance during dealings with the Revenue Authorities, to be spoken to in a way the taxpayer can easily understand, to receive clear and easily understandable communications from Revenue Authorities, and to be provided with a mechanism to address inadequate service;

(o) Right to Privacy. – The taxpayer shall have the right to expect that any inquiry, examination, or enforcement action by government authorities shall comply with the law and be no more intrusive than necessary, and shall respect all due process rights; and

(p) Right to Confidentiality. – The taxpayer shall have the right to privacy of communication and correspondence, as guaranteed by the Constitution and by Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012. The taxpayer shall have the right to require that any information provided to Revenue Authorities shall be kept confidential unless disclosure is expressly authorized by law or by the taxpayer.

SEC. 5. Taxpayer's Basic Obligations. – Complementary to the above taxpayer's rights are the following duties and responsibilities of the taxpayer:

(a) Obligation to Comply with Tax Laws. – The taxpayer shall observe and comply with tax laws, rules, and regulations with reasonable care and diligence;

(b) Obligation to Truthfully and Timely Disclose Information. – The taxpayer shall truthfully and timely disclose complete and accurate information as required by tax laws, rules, and regulations, including registered address, official email address, registered activities, tax type details, and accounting period;

(c) Obligation to Lodge and Submit Required Documents Completely and on Time. – The taxpayer shall lodge and submit, either personally or through electronic means, in a timely manner all relevant information, books of accounts, reports, records, returns, and other documents to Revenue Authorities on or before the dates set by tax laws, rules, and regulations;

(d) Obligation to Keep and Make Tax Records Available for Examination. – The taxpayer shall keep accurate records of the required books of accounts and other tax information for the duration required by law, rules, and regulations, and make such available for examination by revenue officers following proper procedures;

(e) Obligation to Cooperate with Revenue Authorities in Tax Audit. – The taxpayer shall cooperate with Revenue Authorities in the conduct of tax audits in accordance with laws, rules, and regulations; and

(f) Obligation to Timely Pay Taxes. – The taxpayer shall timely pay the taxes due to the government through any available payment channel.

SEC. 6. Creation of the Office of the National Taxpayer Advocate. - To protect the rights of taxpayers, both substantive and procedural, there is hereby created an Office of the National Taxpayer Advocate (ONTA) attached to the Department of Finance (DOF) for purposes of administrative supervision.

The ONTA shall determine the organizational structure and staffing pattern of the office in accordance with the revised compensation and position classification system subject to the evaluation and approval of the Department of Budget and Management and in compliance with the civil service laws, rules and regulations and other relevant laws.

SEC. 7. Powers, Functions, and Responsibilities of the Office of the National Taxpayer Advocate. - The ONTA shall have the following functions, powers, and responsibilities:

(a) Collaborate with qualified professionals to assist in the representation of low income taxpayers who have a dispute with Revenue Authorities and provide education and outreach program to low income taxpayers;

(b) Engage in regular information, education, and communication programs for taxpayers on tax laws, rules, regulations, circulars, including those that implement Supreme Court decisions, and other issuances that affect them, including their rights and remedies under the law, to ensure that the public is properly apprised thereof;

(c) Recommend measures to implement the policy declared under Section 1 of this Act, by way of continuing policy review;

(d) Monitor tax issuances of Revenue Authorities, and propose amendments, when necessary, at the administrative level, to ensure that taxpayers' rights as provided in this Act are upheld; and

(e) Perform such other powers and functions as may be necessary to enhance the ONTA's performance of its powers, functions, and responsibilities, as enumerated in this Act.

SEC. 8. Qualifications, Appointment, Term, and Rank of the National Taxpayer Advocate. - The ONTA shall be headed by the National Taxpayer Advocate, who shall have the authority and responsibility for the effective exercise of the mandate of the ONTA and the discharge of its powers and functions.

The National Taxpayer Advocate shall be a Filipino citizen, a member of the Philippine Bar in good standing or a Certified Public Accountant, with at least ten (10) years of practice in the field of taxation, and with proven integrity and competence.

The National Taxpayer Advocate shall be appointed by the President and shall serve 25 for a term of three (3) years with one (1) re-appointment. In case of vacancy arising from retirement, resignation, removal, permanent incapacity, or death of the National Taxpayer Advocate, the President shall appoint a successor to serve a fresh term of three (3) years with 3 one (1) re-appointment.

The appointment and re-appointment of the National Taxpayer Advocate shall be subject to the mandatory retirement age provided under the Civil Service Commission rules. The National Taxpayer Advocate shall have the equivalent rank, salaries, allowances, and retirement benefits of an Assistant Secretary.

SEC. 9. Disqualification. - An individual cannot be appointed as the National Taxpayer Advocate if such individual has been an employee or officer of, or has rendered service as consultant or in any other capacity to any of the Revenue Authorities for two (2) years prior to such appointment, or has been convicted of any crime involving moral turpitude or a violation 12 of any tax law.

SEC. 10. Submission of Annual Reports. - The Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP) shall exercise oversight powers over the implementation of this Act.

To this end, the ONTA shall submit a detailed report on its activities and identified problem areas, either personally or through electronic means, to the COCCTRP on or before December 31 of every year.

SEC. 11. Violation of the Bill of Rights of Taxpayers. - Any person or revenue officer who is found to have violated Section 4 of this Act on Taxpayer's Basic Rights shall be subject to the administrative penalties under Republic Act No. 9485, otherwise known as the "Anti Red Tape Act of 2007", as amended, and other administrative and civil service laws and rules. The finding of administrative liability for a violation under this Act shall not be a bar to the filing of an applicable criminal or civil case under existing laws for the same violation.

The violation of Section 4(n) of this Act on the Right to Quality Service and Assistance shall be penalized under the provisions of Republic Act No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees." Violations penalized under this Act shall prescribe after twelve (12) years. Prescription shall begin to run from the day of the commission of the violation of the law, and if the same is not known at the time, from the discovery thereof and the institution of judicial proceedings for its investigation and punishment: Provided, That the prescription shall be interrupted when proceedings are instituted against the guilty person, and shall begin to run again if the proceedings are dismissed for reasons not constituting double jeopardy.

SEC. 12. Accessibility of the Taxpayer's Bill of Rights and Obligations. - The Taxpayer's Bill of Rights and Obligations shall be made available in all offices of Revenue Authorities, free of charge, whether printed, digital, or otherwise, and shall be posted in their respective websites, in English and Filipino languages.

SEC. 13. Integration of Taxpayer's Bill of Rights and Obligations in Higher Education Curriculum. - All public and private higher education institutions shall integrate the Taxpayer's Bill of Rights and Obligations as part of the curriculum. The Commission on Higher Education shall, pursuant to its mandate under Republic Act No. 7722, otherwise known as the "Higher Education Act of 1994", develop the program to execute and implement this section.

SEC. 14. Appropriations. - The amount necessary for the implementation of the Act shall be included in the annual General Appropriations Act.

SEC. 15. Implementing Rules and Regulations. - Within sixty (60) calendar days from the effectivity of this Act, the DOF shall, in consultation with relevant agencies and the private sector, promulgate the necessary rules and regulations, for the effective implementation of this Act.

SEC. 16. Separability Clause. - If any provision of this Act is declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 17. Repealing Clause. - All laws, orders, decrees, rules and regulations, and other parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 18. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,