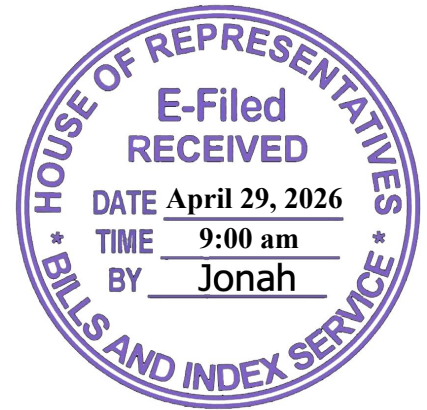




Republic of the Philippines
HOUSE OF REPRESENTATIVES

Quezon City
TWENTIETH CONGRESS
First Regular Session



House Bill No. 8997

Introduced by CIBAC Party-List Representative
EDUARDO "BRO. EDDIE" C. VILLANUEVA

EXPLANATORY NOTE

The power of taxation is a fundamental pillar of governance, providing the State with the resources necessary to fulfill its constitutional duties. However, this power must be exercised with utmost fairness, accountability, and integrity. In recent years, concerns have grown over the abuse of discretion by some revenue officers in the issuance of excessive, arbitrary, or unjustified tax assessments. These practices not only harm taxpayers—particularly small businesses and individuals with limited means—but also erode public trust in the Bureau of Internal Revenue (BIR) and the tax system as a whole.

The "Revenue Assessment Integrity and Accountability Act" seeks to address this systemic issue by instituting critical safeguards and mechanisms that promote transparency, professional diligence, and institutional accountability in the audit and assessment process of internal revenue taxes.

The bill mandates the submission of sworn justification reports in cases where the final tax collected is significantly lower than the original deficiency assessment. It establishes a presumption of abuse or negligence in cases where such discrepancies are not properly explained, or when court rulings drastically reduce the BIR's assessments. These presumptions carry strong administrative sanctions, including dismissal from service, forfeiture of benefits, and civil liability to reimburse taxpayers for litigation costs incurred due to excessive or abusive assessments.

Recognizing the collaborative nature of BIR audit and assessment procedures, the bill imposes solidary liability on all officials whose names appear in the routing and approval of flawed assessments—unless they can demonstrate that they objected or were misled.

To promote internal reform and protect integrity whistleblowers, the bill introduces whistleblower protections and reward mechanisms for BIR employees and taxpayer representatives who expose systemic abuse. Furthermore, to ensure impartiality in oversight, it establishes an Independent Revenue Assessment Review

Panel under the Civil Service Commission—not the BIR—to evaluate justification reports and recommend sanctions.

This proposed measure does not aim to hinder the government’s revenue collection mandate, but to professionalize and rationalize it. By holding accountable those who weaponize tax assessments for harassment, coercion, or personal gain, the State affirms its commitment to a fair, credible, and corruption-free tax system.

In view of the foregoing, the immediate passage of this measure is earnestly sought.


EDUARDO “BRO. EDDIE” C. VILLANUEVA



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HOUSE BILL NO. 8997

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AN ACT
PENALIZING THE ABUSE OF DISCRETION BY REVENUE OFFICERS IN THE
ISSUANCE OF UNREASONABLE TAX ASSESSMENTS, MANDATING
JUSTIFICATION OF COMPROMISE PAYMENTS SIGNIFICANTLY LOWER THAN
STATED DEFICIENCIES, AND PROVIDING PENALTIES FOR GROSS
NEGLIGENCE AND PROFESSIONAL MISCONDUCT, AND FOR OTHER
PURPOSES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Revenue
2 Assessment Integrity and Accountability Act.”
3

4 **SEC. 2. Declaration of Policy.** – It is the policy of the State to ensure fairness,
5 accountability, and professionalism in tax administration. The government shall deter
6 the abuse of discretion by revenue officers in the issuance of tax assessments and
7 promote public trust in the Bureau of Internal Revenue (BIR).
8

9 **SEC. 3. Coverage.** – This Act shall apply to all revenue officers, examiners,
10 assessment personnel, and BIR officials involved in the audit, investigation, and
11 assessment of internal revenue taxes.
12

13 **SEC. 4. Mandatory Justification of Unsettled Assessment Discrepancies.**
14 – There should be a mandatory justification of unsettled assessment discrepancy by
15 a BIR official or employee in case a Notice of Discrepancy or Final Assessment Notice
16 (FAN) is issued indicating a deficiency tax liability exceeding three (3) times the actual
17 tax ultimately paid or compromised. In such case, the concerned revenue officer and
18 his/her recommending or approving officials shall submit a sworn reconciliation and
19 justification report within thirty (30) days from receipt of the final payment, explaining:
20

- 21 a. The basis of the original assessment,
22 b. The computations and data used,

- c. The legal grounds for reducing the amount, and
- d. The rationale for the final settlement or collection.

SEC. 5. Presumption of Abuse and Administrative Sanction. – If no sufficient justification is provided under Section 4, or if the justification is found to be false, misleading, or patently lacking in factual or legal basis, the revenue officer and all involved personnel in the docket routing process shall be presumed to have committed:

- a. Gross misconduct,
- b. Grave abuse of authority, and/or
- c. Conduct prejudicial to the best interest of the service.

The BIR shall automatically initiate administrative proceedings against the erring official or employee, which may result in:

- a. Dismissal from the service,
- b. Forfeiture of retirement and other terminal benefits, and/or
- c. Perpetual disqualification from public office.

SEC. 6. Liability for Harassment Through Excessive Assessments. – If a taxpayer is forced to litigate a tax assessment and the final judgment of the Court of Tax Appeals (CTA), later affirmed by the Supreme Court, reduces the assessed tax by more than seventy percent (70%), the revenue officer and team involved shall be presumed liable for:

- a. Gross negligence,
- b. Gross ignorance of the law, and/or
- c. Lack of professional diligence.

As such, the concerned revenue officer and team shall be administratively charged and, if found liable, shall:

- a. Reimburse the taxpayer for reasonable litigation costs, including attorney's fees, court filing expenses, and other related expenses; and/or
- b. Be subject to dismissal and forfeiture of benefits as provided in Section 5.

SEC. 7. Accountability of BIR Teams. – All officials and personnel whose initials, signatures, or approvals appear in the audit docket, recommendation forms, or memoranda routing the assessment for approval shall be solidarily liable under Sections 5 and 6, unless they can demonstrate they:

- a. Raised a written objection to the assessment or recommendation, or
- b. Were misled by falsified or omitted documents.

SEC. 8. Whistleblower Protection. – Any BIR employee or taxpayer representative who voluntarily discloses facts or documents showing systematic abuse or unjustified assessments under this Act shall be entitled to:

- a. Protection from administrative retaliation,
- b. Confidentiality of identity, and
- c. A reward not exceeding five percent (5%) of any public funds recovered or refunded as a result of the disclosure.

SEC. 9. Creation of an Independent Revenue Assessment Review Panel.
– To ensure objectivity and avoid undue influence or internal interference, a Revenue

1 Assessment Review Panel (RARP) shall be constituted under the administrative
2 supervision of the Civil Service Commission (CSC). The Panel shall:

- 3 a. Be composed of five (5) members, all of whom must be senior officials or retired
4 experts in taxation, accounting, auditing, or legal practice, with at least fifteen
5 (15) years of experience and no prior or current employment ties with the BIR;
- 6 b. Be appointed jointly by the Chairperson of the CSC, the Secretary of the
7 Department of Finance (DOF), and the Chairperson of the Commission on Audit
8 (COA);
- 9 c. Have exclusive authority to review and evaluate all justification reports
10 submitted under Section 4 and all findings subject to penalties under Sections
11 5 and 6 of this Act; and
- 12 d. Issue formal determinations within sixty (60) days from receipt of the complete
13 docket.

14
15 The findings of the Review Panel shall be binding on the BIR Internal Affairs or
16 Legal Affairs Units and shall be the basis for administrative and civil action, subject
17 only to judicial appeal or review.

18
19 No member of the Panel may be removed or replaced during the pendency of
20 an investigation unless for just cause and with concurrence of at least two-thirds of the
21 appointing authorities.

22
23 **SEC. 10. Implementing Rules and Regulations.** – The BIR, in coordination
24 with the CSC and the Department of Justice (DOJ), shall promulgate the necessary
25 rules and regulations within ninety (90) days from the effectivity of this Act.

26
27 **SEC. 11. Separability Clause.** – If any portion of this Act is declared invalid or
28 unconstitutional, other provisions hereof shall remain in full force and effect.

29
30 **SEC. 12. Repealing Clause.** – All laws, decrees, orders, rules, and regulations
31 or other issuances or parts thereof inconsistent with the provisions of this Act are
32 hereby repealed or modified accordingly.

33
34 **SEC. 13. Effectivity.** – This Act shall take effect fifteen (15) days after its
35 publication in the Official Gazette or in a newspaper of general circulation.

36
37 *Approved,*