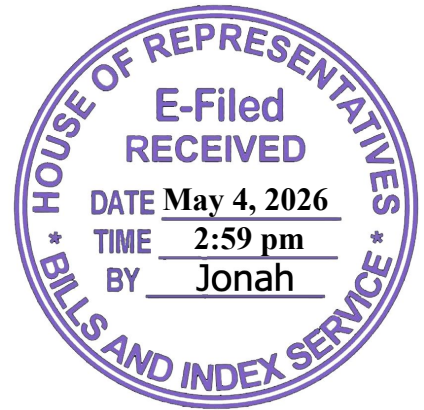




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session



House Bill No. 9036

Introduced by:
HON. KING GEORGE LEANDRO ANTONIO V. COLLANTES

EXPLANATORY NOTE

This bill seeks to enact the *Magna Carta for Taxpayers*, a policy measure that seeks to institutionalize a comprehensive and enforceable framework of rights and obligations in all dealings between taxpayers and revenue authorities.

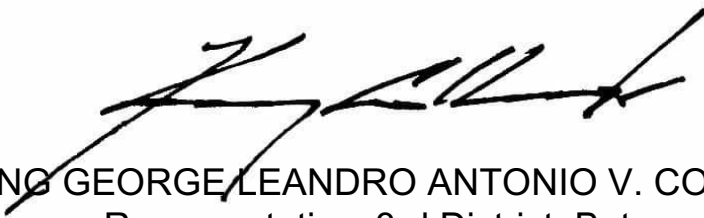
While existing tax laws provide remedies and procedures, these protections are dispersed and often difficult for ordinary citizens and small businesses to navigate. This measure consolidates and strengthens taxpayer protections to ensure that taxes are assessed and collected fairly, transparently, and responsibly thereby reinforcing public confidence in the tax system.

The proposed law enhances taxpayer protection by expressly guaranteeing the right to clear and simplified information, fair and uniform application of tax laws, due process in audits and assessments, protection against baseless or arbitrary assessments, timely resolution of cases, relief from penalties caused by government delay, and respect for privacy and confidentiality. If a small business receives a deficiency tax assessment without a clear explanation or supporting computation, the *Magna Carta* ensures that the taxpayer can demand a detailed legal and factual basis,

present evidence to contest errors, and seek timely resolution. These safeguards promote transparency and accountability in tax administration.

Taxes are the lifeblood of the State, indispensable to the government's ability to function, deliver public services, and promote national development. With this impetus, the power to tax must be exercised with fairness, transparency, and accountability to preserve public trust. By institutionalizing clear and enforceable taxpayer rights alongside defined obligations, the *Magna Carta for Taxpayers* fosters a culture of mutual responsibility between the State and its citizens. When taxpayers are assured that assessments are grounded in law, procedures are consistently observed, and remedies are accessible, voluntary compliance is strengthened and disputes are minimized thereby securing stable revenues essential to effective governance.

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



KING GEORGE LEANDRO ANTONIO V. COLLANTES
Representative, 3rd District, Batangas



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HOUSE OF REPRESENTATIVES
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HOUSE BILL NO. 9036

Introduced by: HON. KING GEORGE LEANDRO ANTONIO V.
COLLANTES

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 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:

65 (a) *Right to be Informed.* - The taxpayer shall have the right to know
66 in a simplified manner how one can comply with laws, rules, and
67 regulations implemented by the Revenue Authorities. The
68 taxpayer is entitled to clear, complete, accurate, and simplified
69 explanation of tax laws, rules, regulations, procedures, and other
70 issuances, as well as be apprised of taxpayer's rights and
71 obligations in all tax forms, publications, notices,
72 correspondences, assessments, rulings, and decisions.

73 In case of any deficiency tax finding, alleged violation, or
74 decision or ruling rendered by Revenue Authorities, the taxpayer
75 shall be informed in the written decision or ruling, clearly and
76 sufficiently of the facts and laws thereon, including any
77 supporting computation and documentation upon which these
78 are based.

79 The taxpayer shall have the right to be informed of a
80 summary collection action by the Revenue Authorities, which
81 requires sale or seizure of property or the freezing of assets.

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

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

88 (c) *Right to Challenge the Position of and be Heard by Revenue*
89 *Authorities.* - The taxpayer shall have the right to challenge and
90 raise objections against the findings, assessments, rulings, or
91 decisions of the Revenue Authorities. The taxpayer shall have the
92 right to be heard, and the evidence presented by the taxpayer
93 shall be duly considered by the Revenue Authorities in deciding
94 any matter involving the taxpayer;

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

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

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

116 (g) *Right to Timely and Expeditious Completion and Finality of Tax*
117 *Audits.* - The taxpayer shall have the right to have the Revenue
118 Authorities begin and complete tax audits and address pending
119 requests and other matters in a timely and expeditious manner.
120 The taxpayer shall have the right to know when the Revenue
121 Authorities have completed an audit or examination of the
122 taxpayer;

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

128 (i) *Right to be Given an Opportunity for Amicable Settlement.* -
129 Unless contrary to law, the taxpayer shall have the opportunity to
130 amicably settle deficiencies and delinquencies, at any stage of
131 the proceedings: Provided, That said settlement must be in
132 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

168 Authorities shall be kept confidential unless disclosure is
169 expressly authorized by law or by the taxpayer.

170
171 **SEC. 5. *Taxpayer's Basic Obligations.*** - Complementary to the
172 above taxpayer's rights are the following duties and responsibilities of the
173 taxpayer:

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

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

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

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

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

198 (f) *Obligation to Timely Pay Taxes.* - The taxpayer shall timely pay
199 the taxes due to the government through any available payment
200 channel.

201

202 **SEC. 6. *Creation of the Office of the National Taxpayer Advocate.***

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

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

212
213 **SEC. 7. *Powers, Functions, and Responsibilities of the Office of***
214 ***the National Taxpayer Advocate.*** - The ONTA shall have the following
215 functions, powers, and responsibilities:

- 216
217 (a) Collaborate with qualified professionals to assist in the
218 representation of low income taxpayers who have a dispute with
219 Revenue Authorities and provide education and outreach
220 program to low income taxpayers;
- 221 (b) Engage in regular information, education, and communication
222 programs for taxpayers on tax laws, rules, regulations, circulars,
223 including those that implement Supreme Court decisions, and
224 other issuances that affect them, including their rights and
225 remedies under the law, to ensure that the public is properly
226 apprised thereof;
- 227 (c) Recommend measures to implement the policy declared under
228 Section 1 of this Act, by way of continuing policy review;
- 229 (d) Monitor tax issuances of Revenue Authorities, and propose
230 amendments, when necessary, at the administrative level, to
231 ensure that taxpayers' rights as provided in this Act are upheld;
232 and
- 233 (e) Perform such other powers and functions as may be necessary
234 to enhance the ONTA's performance of its powers, functions,
235 and responsibilities, as enumerated in this Act.
- 236

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

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

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

252 The appointment and re-appointment of the National Taxpayer
253 Advocate shall be subject to the mandatory retirement age provided under
254 the Civil Service Commission rules.

255 The National Taxpayer Advocate shall have the equivalent rank,
256 salaries, allowances, and retirement benefits of an Assistant Secretary.

257
258 **SEC. 9. Disqualification.** - An individual cannot be appointed as the
259 National Taxpayer Advocate if such individual has been an employee or
260 officer of, or has rendered service as consultant or in any other capacity to
261 any of the Revenue Authorities for two (2) years prior to such appointment,
262 or has been convicted of any crime involving moral turpitude or a violation of
263 any tax law.

264
265 **SEC. 10. Submission of Annual Reports.** - The Congressional
266 Oversight Committee on the Comprehensive Tax Reform Program
267 (COCCTRP) shall exercise oversight powers over the implementation of this
268 Act.

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

272
273 **SEC. 11. Violation of the Bill of Rights of Taxpayers.** - Any person
274 or revenue officer who is found to have violated Section 4 of this Act on
275 Taxpayer's Basic Rights shall be subject to the administrative penalties
276 under Republic Act No. 9485, otherwise known as the "Anti-Red Tape Act of
277 2007", as amended, and other administrative and civil service laws and rules.

278 The finding of administrative liability for a violation under this Act shall
279 not be a bar to the filing of an applicable criminal or civil case under existing
280 laws for the same violation. The violation of Section 4(n) of this Act on the
281 Right to Quality Service and Assistance shall be penalized under the
282 provisions of Republic Act No. 6713, otherwise known as the "Code of
283 Conduct and Ethical Standards for Public Officials and Employees."

284 Violations penalized under this Act shall prescribe after twelve (12)
285 years. Prescription shall begin to run from the day of the commission of the
286 violation of the law, and if the same is not known at the time, from the
287 discovery thereof and the institution of judicial proceedings for its
288 investigation and punishment: Provided, That the prescription shall be
289 interrupted when proceedings are instituted against the guilty person, and
290 shall begin to run again if the proceedings are dismissed for reasons not
291 constituting double jeopardy.

292
293 **SEC. 12. Accessibility of the Taxpayer's Bill of Rights and**
294 **Obligations.** - The Taxpayer's Bill of Rights and Obligations shall be made
295 available in all offices of Revenue Authorities, free of charge, whether
296 printed, digital, or otherwise, and shall be posted in their respective websites,
297 in English and Filipino languages.

298
299 **SEC. 13. Integration of Taxpayer's Bill of Rights and Obligations**
300 **in Higher Education Curriculum.** - All public and private higher education
301 institutions shall integrate the Taxpayer's Bill of Rights and Obligations as
302 part of the curriculum. The Commission on Higher Education shall, pursuant
303 to its mandate under Republic Act No. 7722, otherwise known as the "Higher
304 Education Act of 1994", develop the program to execute and implement this
305 section.
306

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

310
311 **SEC. 15. Implementing Rules and Regulations.** - Within sixty (60)
312 calendar days from the effectivity of this Act, the DOF shall, in consultation
313 with relevant agencies and the private sector, promulgate the necessary
314 rules and regulations, for the effective implementation of this Act.

315
316 **SEC. 16. Separability Clause.** If any provision of this Act is declared
317 invalid or unconstitutional, the other provisions not affected thereby shall
318 remain valid and subsisting.

319
320 **SEC. 17. Repealing Clause.** All laws, decrees, orders, issuances,
321 rules, and regulations, or other issuances or parts thereof inconsistent with
322 the provisions of this Act are hereby repealed or modified accordingly.

323
324 **SEC. 18. Effectivity.** This Act shall take effect fifteen (15) days after
325 its publication in the Official Gazette or in a newspaper of general circulation.

326
327 *Approved,*