

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

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10886



Introduced by **Representative AGATHA “AGAY” CRUZ**

EXPLANATORY NOTE

Tax compliance is essential to the delivery of public services. Unpaid tax liabilities, however, may become increasingly difficult to settle as interest, surcharges, and penalties accumulate over time. What may once have been a manageable obligation can eventually become difficult to settle. When that happens, the Government is left with a liability on paper, while the taxpayer remains outside full compliance.

This legislative proposal provides a practical way forward by granting a one-time amnesty on interest, surcharges, compromise penalties, and other additions to unpaid or underpaid national internal revenue taxes for taxable year 2025 and prior years. In return, the taxpayer must pay one hundred percent (100%) of the basic tax lawfully due.

This measure provides citizens and businesses a clear opportunity to settle past obligations without the accumulated burden of penalties and interest. It covers unassessed liabilities, pending assessments, and final and executory liabilities. It also provides reasonable installment arrangements for individuals and smaller taxpayers, while preserving validation and safeguards against fraudulent avilment.

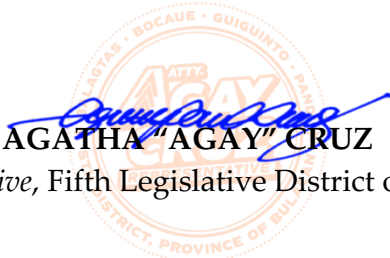
For the Government, the measure can convert outstanding liabilities into actual collections while bringing taxpayers back into the formal tax system. This is particularly significant given the central role of tax revenues in funding public services. In 2024, the Bureau of Internal Revenue collected ₱2.852 trillion, underscoring the central role of tax revenues in financing government operations and public services.¹

A tax amnesty should not diminish the value of voluntary compliance. Neither should accumulated penalties become a permanent barrier to payment. By requiring full and final settlement of the basic tax while providing a reasonable path back to compliance, this measure is able to strike a balance between granting meaningful relief to taxpayers and preserving the fiscal interests of the Government to fund essential public services.

¹ Recto to BIR: Do not waver in pursuit of funding the growing nations' needs, Department of Finance, 1 August 2025, available at <https://www.dof.gov.ph/recto-to-bir-do-not-waver-in-pursuit-of-funding-the-growing-nations-needs/>

This way, taxpayers are given a fresh opportunity to settle, and the Government collects revenue that might otherwise remain unpaid.

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



AGATHA "AGAY" CRUZ

Representative, Fifth Legislative District of Bulacan

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HOUSE OF REPRESENTATIVES
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HOUSE BILL NO. 10886

Introduced by **Representative AGATHA “AGAY” CRUZ**

AN ACT
GRANTING A ONE-TIME GENERAL TAX AMNESTY ON INTEREST,
SURCHARGES, COMPROMISE PENALTIES, AND OTHER ADDITIONS TO THE
TAX WITH RESPECT TO UNPAID OR UNDERPAID NATIONAL INTERNAL
REVENUE TAXES FOR TAXABLE YEAR 2025 AND PRIOR YEARS, UPON
PAYMENT OF THE BASIC TAX DUE, AND FOR OTHER PURPOSES

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

1 **Section 1. Short Title.** – This Act shall be known as the “General Tax Amnesty Act
2 of 2026.”
3

4 **Section 2. Declaration of Policy.** – It is hereby declared the policy of the State to
5 enhance revenue administration and collection, broaden the tax base, promote voluntary
6 compliance, and provide qualified taxpayers a reasonable and time-bound opportunity to
7 settle unpaid or underpaid national internal revenue tax liabilities.
8

9 Toward this end, the State shall establish a one-time, liability-specific general tax
10 amnesty that requires payment of the basic tax lawfully due while granting relief from
11 interest, surcharges, compromise penalties, and other additions to the tax directly
12 attributable to the failure to timely file a return or other required document, correctly
13 declare the tax due, withhold or remit a tax, or pay the tax due.
14

15 The amnesty granted under this Act shall apply only to the specific tax type,
16 taxable period, transaction, and basic tax settled under this Act. Any undisclosed or
17 unsettled liability shall remain subject to assessment and collection under the National
18 Internal Revenue Code of 1997, as amended, within the applicable prescriptive period.
19

20 **Section 3. Definition of Terms.** – As used in this Act:
21

22 (a) *Amnesty application* refers to the sworn application filed by a taxpayer to obtain

1 the benefits of this Act;

- 2
- 3 (b) Basic tax refers to the national internal revenue tax lawfully due under the
- 4 National Internal Revenue Code of 1997, as amended, hereinafter referred to as
- 5 the “NIRC,” exclusive of interest, surcharge, compromise penalty, and other
- 6 additions to the tax, after application of prior payments and tax credits lawfully
- 7 allowable and adequately substantiated under the NIRC;
- 8
- 9 (c) *Collecting bureau* refers to the Bureau of Internal Revenue (BIR) or, with respect
- 10 to national internal revenue taxes collected by it, the Bureau of Customs (BOC);
- 11
- 12 (d) *Commissioner* refers to the Commissioner of Internal Revenue or, when the
- 13 context relates to national internal revenue taxes collected by the BOC, the
- 14 Commissioner of Customs;
- 15
- 16 (e) Covered period refers to taxable year 2025 and all prior taxable years, including
- 17 taxable transactions completed on or before December 31, 2025;
- 18
- 19 (f) Qualified taxpayer refers to any natural or juridical person, estate, or trust with
- 20 an unpaid or underpaid national internal revenue tax liability that may be
- 21 settled under this Act.
- 22

23 **Section 4. Coverage.** – Subject to the exclusions under this Act, there is hereby

24 granted a one-time general tax amnesty on interest, surcharges, compromise penalties,

25 and other additions to the tax directly attributable to the failure to timely file a return or

26 other required document, correctly declare the tax due, withhold or remit a tax, or pay

27 the tax due with respect to all national internal revenue taxes imposed under the NIRC

28 for the covered period, whether collected by the BIR or the BOC, and whether assessed or

29 unassessed.

30

31 The tax amnesty may cover a liability that is (a) unassessed, whether or not under

32 audit or investigation; (b) covered by a formal assessment that has not become final and

33 executory, including a liability under administrative protest or pending judicial

34 proceeding; (c) Final and executory; or (d) subject to collection proceedings.

35

36 **Section 5. General Rule on Availment.** – A qualified taxpayer may avail of the tax

37 amnesty by:

- 38 (a) Filing the applicable original, amended, or supplemental tax return or other
- 39 prescribed schedule, as applicable, together with the amnesty application;
- 40 (b) Truthfully identifying the tax type, taxable period, transaction, and basic tax
- 41 being settled; and
- 42 (c) Paying one hundred percent (100%) of the basic tax due, subject to the
- 43 installment arrangements authorized under this Act.
- 44

1 Upon full payment of the basic tax and compliance with the applicable
2 requirements of this Act, all interest, surcharges, compromise penalties, and other
3 additions to the tax directly attributable to the covered failure shall be condoned, and the
4 taxpayer shall enjoy the immunities and privileges provided under Section 13 hereof.

5
6 **Section 6. Settlement According to Status of Liability. –**
7

- 8 (a) Unassessed Liabilities – A taxpayer with an unpaid or underpaid national
9 internal revenue tax for which no formal assessment has been issued may avail
10 of the tax amnesty, whether or not the taxpayer is under audit or investigation
11 for the same tax and taxable period, by filing the applicable original, amended,
12 or supplemental return and paying one hundred percent (100%) of the basic
13 tax declared to be due thereon.
14

15 Upon complete filing and payment, any pending audit or investigation
16 covering the same tax and taxable period shall be limited to validation of the
17 availment in accordance with Section 10 hereof. An audit or investigation
18 involving another tax type or taxable period not covered by the application
19 may continue in accordance with law.
20

- 21 (b) Assessed but Nonfinal Liabilities – A taxpayer with a formal assessment that
22 has not become final and executory, including a liability under administrative
23 protest or pending judicial proceeding, may avail of the tax amnesty with
24 respect to all or any portion of the basic tax that the taxpayer accepts and settles.
25

26 The taxpayer shall pay one hundred percent (100%) of the basic tax being
27 settled and shall withdraw or waive any protest or other challenge only to the
28 extent of the liability settled under this subsection.
29

30 Any portion of the assessment that remains disputed shall continue to be
31 governed by applicable laws. If such disputed portion is finally determined or
32 accepted by the taxpayer within the availment period, the taxpayer may file a
33 supplemental amnesty application and pay the corresponding basic tax within
34 such period.
35

- 36 (c) Final and Executory Liabilities – A taxpayer with a final and executory liability
37 may avail of the tax amnesty by paying one hundred percent (100%) of the
38 unpaid basic tax, after application of prior payments lawfully creditable
39 thereto.
40

41 Upon full payment, all remaining interest, surcharges, compromise penalties, and
42 other additions to the tax covered by the amnesty shall be condoned, and any lien, levy,
43 garnishment, attachment, or other collection measure shall be released to the extent that
44 it secures only an amount extinguished under this Act.

1
2 The collecting bureau shall issue the appropriate clearance or notice evidencing
3 settlement and, when applicable, directing the release of the corresponding collection
4 measure.

5
6 **Section 7. *Withholding Taxes.*** – A withholding agent who failed to withhold a tax
7 required by law may avail of this Act by paying one hundred percent (100%) of the basic
8 withholding tax that should have been withheld.

9
10 A withholding agent who actually withheld or collected a tax from another person
11 but failed to remit the same shall pay one hundred percent (100%) of the amount withheld
12 or collected but not remitted.

13
14 Upon full payment, the corresponding interest, surcharges, compromise penalties,
15 and other additions to the tax directly attributable to the failure to withhold or remit shall
16 be condoned.

17
18 The immunity under this section shall not extend to falsification, fraudulent
19 withholding certificates, fictitious transactions, identity theft, misappropriation, or any
20 other offense independent of the failure to withhold or remit.

21
22 **Section 8. *Installment Payment.*** – An individual not engaged in trade or business,
23 an estate or trust, or a micro or small taxpayer may pay at least twenty-five percent (25%)
24 of the basic tax upon filing and the balance in equal monthly installments over a period
25 not exceeding twelve (12) months.

26
27 A medium taxpayer may pay at least fifty percent (50%) of the basic tax upon filing
28 and the balance in equal monthly installments over a period not exceeding six (6) months.

29
30 A large taxpayer shall pay the basic tax in full upon filing.

31
32 For purposes of this section, business taxpayers shall be classified in accordance
33 with Section 21(b) of the NIRC.

34
35 No interest, surcharge, or other addition to the tax shall accrue on any installment
36 timely paid in accordance with this section.

37
38 Failure to pay any installment within thirty (30) days from its due date shall result
39 in the cancellation of the installment arrangement. Payments already made shall be
40 applied to the basic tax. The unpaid balance shall become immediately due, and the
41 applicable interest and other additions under the NIRC shall accrue on such unpaid
42 balance from the date of default.

43
44 Interest, surcharges, and other additions to the tax attributable to the portion of the

1 basic tax already paid shall remain condoned unless the availment is subsequently found
2 to be fraudulent.

3
4 **Section 9. Availment Period; Filing; Effect on Prescription.** – The period for
5 availment shall commence on the one hundred twentieth (120th) day following the
6 effectivity of this Act and shall continue for twenty-four (24) months.

7
8 Applications shall principally be filed electronically in accordance with procedures
9 prescribed by the collecting bureau. Manual and assisted digital filing shall be made
10 available to taxpayers who are unable to use the electronic system.

11
12 The filing of an amnesty application shall not revive any liability for which the
13 Government’s right to assess or collect had prescribed before the effectivity of this Act.

14
15 For a liability for which the applicable prescriptive period remains open, the
16 complete filing of an amnesty application shall suspend the running of the period for
17 assessment or collection solely with respect to the liability covered by the application until
18 sixty (60) days after final disposition of the application under applicable law, but in no
19 case for more than eighteen (18) months from complete filing, excluding any period
20 attributable to a remedy initiated by the taxpayer.

21
22 **Section 10. Validation and Correction of Deficiencies.** – The collecting bureau may
23 validate an amnesty application within twelve (12) months from complete filing.

24
25 Notwithstanding Section 222(e) of the NIRC, a return, schedule, or document filed
26 in connection with this Act may be examined solely to the extent reasonably necessary to
27 validate the availment and only within the prescribed validation period.

28
29 Nothing in this Act shall enlarge the authority of any government agency to
30 inquire into bank deposits, foreign currency deposits, financial accounts, or other
31 information protected by law. Access to such information shall remain subject to existing
32 law and other independently applicable legal authority.

33
34 If the collecting bureau finds a discrepancy, it shall issue a written Notice of
35 Discrepancy within the validation period stating the factual and legal bases therefor, the
36 basic tax declared, the additional basic tax proposed, and the documents or information
37 relied upon.

38
39 The taxpayer shall have thirty (30) days from receipt of the notice within which to
40 submit an explanation, corrected return, or supporting documents.

41
42 A taxpayer may voluntarily correct an application before receipt of a Notice of
43 Discrepancy and pay any resulting deficiency basic tax without interest, surcharge,
44 compromise penalty, or additional amnesty charge.

1
2 If the collecting bureau determines that additional basic tax is due and fraud is not
3 established, the taxpayer may preserve the amnesty by paying the deficiency basic tax
4 and an amount equivalent to ten percent (10%) thereof within thirty (30) days from receipt
5 of the final administrative decision.
6

7 A reasonable and good faith difference in the interpretation of law, classification
8 of a transaction, or computation of tax shall not, by itself, constitute fraud.
9

10 **Section 11. *Administrative Determination; Fraudulent Availment.*** – Before
11 invalidating an availment on the ground of fraud, the Commissioner shall issue a written
12 notice stating the acts or omissions alleged to constitute fraudulent availment, the factual
13 and legal bases therefor, and the tax type, taxable period, transaction, and liability
14 affected.
15

16 The taxpayer shall have thirty (30) days from receipt of the notice within which to
17 submit an explanation and supporting documents.
18

19 Fraud, deliberate concealment, falsification, fictitious transactions, fabricated
20 documents, identity theft, or willful misrepresentation shall be established by clear and
21 convincing evidence.
22

23 Fraud shall invalidate the amnesty only with respect to the tax type, taxable period,
24 transaction, and liability directly affected, unless the fraudulent act concerns the
25 taxpayer's identity, eligibility to avail, payment required under this Act, authenticity of
26 the amnesty application or Certificate of Availment, or another matter indispensable to
27 the validity of the entire application.
28

29 The Commissioner shall render a written decision within one hundred eighty (180)
30 days from receipt of the taxpayer's complete response to a Notice of Discrepancy or notice
31 of fraudulent availment. The decision shall state the findings of fact, applicable law,
32 amount due, if any, and effect on the taxpayer's availment.
33

34 Failure to render a decision within such period shall result in the withdrawal of
35 the notice.
36

37 **Section 12. *Certificate of Availment; Finality.*** – Upon complete filing and full
38 payment of the basic tax, the collecting bureau shall issue a Provisional Certificate of
39 Availment within fifteen (15) calendar days.
40

41 A taxpayer paying by installment shall be issued a Conditional Certificate of
42 Availment upon payment of the required initial installment.
43

44 If the collecting bureau fails to issue the applicable certificate within the prescribed

1 period, the acknowledged amnesty application, proof of complete submission, and proof
2 of the required payment shall constitute sufficient evidence of provisional or conditional
3 availment, as the case may be.

4
5 If no Notice of Discrepancy or notice of fraudulent availment is issued within
6 twelve (12) months from complete filing, the Certificate of Availment shall become final
7 and irrevocable upon full payment of the basic tax.

8
9 When a timely notice is issued, the Certificate of Availment shall become final
10 upon final disposition thereof in accordance with applicable law and payment of any
11 amount finally determined to be due.

12
13 **Section 13. Immunities and Privileges.** – Upon final availment, the taxpayer shall,
14 with respect only to the tax type, taxable period, transaction, and basic tax specified in the
15 Certificate of Availment, be:

- 16
17 (a) Relieved from payment of all interest, surcharges, compromise penalties, and
18 other additions to the tax directly attributable to the covered failure;
19 (b) Immune from civil and administrative liability under the NIRC arising solely
20 from the covered failure;
21 (c) Immune from criminal liability under the NIRC consisting solely of the failure
22 to file a return or other required document, supply correct and accurate
23 information, pay a tax, withhold a tax, or remit a tax required to be withheld,
24 provided that the violation did not involve fraud, falsification, a fictitious
25 transaction, or an affirmative attempt to evade or defeat the tax;
26 (d) Protected from further assessment or collection of the settled basic tax and the
27 condoned additions thereto; and
28 (e) Protected from further examination of the settled liability, except as expressly
29 provided under this Act.

30
31 The immunity granted under this Act shall not extend to any undisclosed or
32 unsettled tax type, taxable period, transaction, or basic tax.

33
34 **Section 14. Exclusions and Limitations.** – The tax amnesty shall not extend to any
35 asset, income, transaction, liability, or offense directly involved in:

- 36
37 (a) Cases under the jurisdiction of the Presidential Commission on Good
38 Government;
39 (b) Unexplained or unlawfully acquired wealth, graft, or plunder;
40 (c) Money laundering or unlawful activities under Republic Act No. 9160, as
41 amended;
42 (d) Terrorism financing and related offenses;
43 (e) Bribery, malversation, illegal exactions, or recovery or forfeiture of unlawfully
44 acquired public funds or property;

- (f) Fraudulent claims for tax refund, tax credit, incentive, or exemption;
- (g) Smuggling, customs fraud, or unlawful importation; or
- (h) Fraud, falsification, fictitious transactions, fraudulent invoices or withholding certificates, identity theft, or an affirmative attempt to evade or defeat a tax.

An exclusion under this section shall be limited to the person, asset, income, transaction, tax type, and taxable period directly involved. A taxpayer shall not be disqualified from settling a separate and unrelated liability unless the excluded conduct directly affects the validity of such availment.

Availment under this Act shall not legalize the source, acquisition, transfer, concealment, or possession of property derived from unlawful activity; establish or confirm title or ownership over property; prejudice the rights of third persons; extinguish a private civil obligation; or immunize an offense independent of the covered tax violation.

Section 15. Refunds, Credits, Prior Settlement, and Double Relief. – No payment lawfully made before availment shall be refunded or credited solely by reason of this Act. Payments previously made for the same liability shall be credited against the basic tax due.

No original, amended, or supplemental tax return filed in connection with this Act shall, by reason of the amnesty alone, create or increase a claim for refund, tax credit, net operating loss carryover, excess input tax carryover, deduction, incentive, exemption, or other tax attribute applicable to another taxable period. Any such amount or tax attribute shall be recognized only upon independent substantiation under the NIRC and other applicable laws.

Section 16. Confidentiality and Permitted Use of Information. – An amnesty application and supporting documents submitted specifically for purposes of this Act shall be confidential.

Upon final availment, information submitted under this Act shall not be used to reassess or recollect the settled basic tax, reimpose any addition to the tax condoned under this Act, or prosecute an offense for which immunity has become final.

Such information may be used only for:

- (a) Processing and validating the availment;
- (b) Collecting an amount finally determined to be due under this Act;
- (c) Investigating fraudulent availment;
- (d) Verifying a tax attribute affirmatively asserted by the taxpayer for another taxable period;
- (e) Enforcing this Act; or
- (f) Allowing the taxpayer to invoke the amnesty as a defense.

1
2 An amnesty application or supporting document submitted specifically for
3 purposes of this Act shall not, by itself and without independently obtained corroborating
4 evidence, serve as the basis for prosecution of an offense outside the NIRC.
5

6 **Section 17. Bureau of Customs Coordination.** – With respect to national internal
7 revenue taxes collected by the BOC, the BOC shall determine and certify the basic tax
8 eligible for settlement under this Act.
9

10 Customs duties, safeguard duties, anti-dumping duties, countervailing duties,
11 fines, forfeitures, fees, and other customs charges not imposed under the NIRC shall
12 remain unaffected.
13

14 The BIR and BOC shall coordinate their filing, payment, validation, and
15 information requirements to avoid duplicative submissions by taxpayers.
16

17 **Section 18. Implementing Rules and Regulations.** – Within ninety (90) days from
18 the effectivity of this Act, the Secretary of Finance, in coordination with the Commissioner
19 of Internal Revenue and the Commissioner of Customs, shall promulgate and publish the
20 necessary implementing rules and regulations.
21

22 The implementing rules and regulations shall prescribe simplified forms,
23 electronic and manual filing and payment procedures, documentary requirements,
24 installment arrangements, validation procedures, administrative procedures for resolving
25 discrepancies and fraudulent availment, confidentiality and information-security
26 safeguards, and coordination between the BIR and BOC.
27

28 **Section 19. Separability Clause.** – If any part or provision of this Act is held
29 unconstitutional or invalid, the remainder thereof not otherwise affected shall remain in
30 full force and effect.
31

32 **Section 20. Repealing Clause.** – All laws, executive orders, presidential decrees,
33 administrative orders, rules and regulations, issuances, or parts thereof inconsistent with
34 or contrary to the provisions of this Act are hereby repealed or amended accordingly.
35

36 **Section 21. Effectivity.** – This Act shall take effect fifteen (15) days after its
37 publication in the *Official Gazette* or in a newspaper of general circulation.
38

39 *Approved,*