



## HOUSE OF REPRESENTATIVES

H. No. 4224

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BY REPRESENTATIVES DATUMANONG, VELARDE, TIENG, MANDANAS AND  
ANTONIO, PER COMMITTEE REPORT NO. 657

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AN ACT REQUIRING ALL GOVERNMENT AGENCIES,  
INSTRUMENTALITIES, LOCAL GOVERNMENT UNITS  
AND GOVERNMENT-OWNED AND/OR -CONTROLLED  
CORPORATIONS (GOCCs) TO USE SECURITY PAPER MADE  
FROM INDIGENOUS MATERIALS OR WATER-MARKED  
SECURITY PAPER IN THEIR RECEIPTS AND INVOICES,  
PERMITS, LICENSES, CLEARANCES, OFFICIAL PAPERS OR  
DOCUMENTS

*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 “Use of  
2 Security Paper in all Receipts and Invoices, Permits, Licenses, Clearances,  
3 Official Papers or Documents Act of 2011”.

4 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the  
5 State to:

6 (a) Enhance tax monitoring and collection;

7 (b) Increase revenue collection; and

8 (c) Avoid tax fraud and graft and corruption in the tax collection  
9 efforts.

1           SEC. 3. *Definition of Terms.* – For purposes of this Act, the following  
2 terms are hereby adopted:

3           (a) *Receipt* shall refer to a written admission or acknowledgement of  
4 the fact of payment in money or other settlement between seller and buyer of  
5 goods, debtor and creditor, or person rendering services and client or customer  
6 printed in accordance with these regulations.

7           (b) *Sales invoice or delivery receipts* shall refer to a written account of  
8 goods or services rendered and the price charged therefore, or a list of goods  
9 consigned and the value at which the consignee is to receive them or any other  
10 list by whatever name is known which is used in the ordinary course of  
11 business evidencing sale and transfer or agreement to sell or transfer goods and  
12 services, such as purchase orders, delivery receipts, job orders, provisional and  
13 temporary receipts, and others.

14           (c) *Security paper* shall refer to a security paper which is made from  
15 indigenous materials or water-marked security paper which bear such  
16 authorized security feature duly etched and embedded in the paper during its  
17 manufacturing process. It is especially designed for the printing of official  
18 receipts, sales invoices, permits, licenses, clearances and other official papers  
19 or documents.

20           SEC. 4. *Covered Institutions/Establishments.* – All government  
21 agencies and instrumentalities, including government-owned and/or -controlled  
22 corporations (GOCCs), and all local government units (LGUs) shall use  
23 security paper made from indigenous materials or water-marked security paper  
24 in all receipts, invoices, forms, permits, licenses, clearances, official papers  
25 and documents which they issue to all natural and juridical persons transacting  
26 business with them.

27           SEC. 5. *Procedure for Printing of Security Paper.* – The Bangko  
28 Sentral ng Pilipinas (BSP) through its Banknotes and Securities Printing  
29 Department (BSPD), in coordination with said government agencies and  
30 instrumentalities, GOCCs and LGUs, shall develop the procedures such that

1 receipts, invoices, forms, permits, licenses, clearances and other official  
2 documents whenever applicable and possible shall be printed on security paper  
3 made from indigenous materials or water-marked security paper, the sizes and  
4 forms of which shall be uniform.

5       SEC. 6. *Size and Form of Security Paper.* – The Department of  
6 Finance (DOF), in coordination with the National Printing Office (NPO), shall  
7 prescribe and formulate within a period of two (2) months from the effectivity  
8 of this Act the appropriate uniform size and forms of the security paper to be  
9 used for all transactions of all government agencies and instrumentalities,  
10 including GOCCs and LGUs.

11       SEC. 7. *Covered Forms.* – All receipts, invoices, permits, licenses,  
12 clearances and other official documents of all government agencies and  
13 instrumentalities, GOCCs and LGUs shall, after a period of six (6) months  
14 from the effectivity of this Act, be printed in security paper made from  
15 indigenous materials or water-marked security paper: *Provided,* That such  
16 receipts, invoices, commercial documents, permits, licenses, clearances and all  
17 other official documents which remain unused and unconsumed after the lapse  
18 of the said six (6)-month period may still be used: *Provided, further,* That  
19 appropriate inventory thereof as confirmed and approved by the Bureau of  
20 Internal Revenue (BIR) is conducted and: *Provided, finally,* That, after a  
21 period of six (6) months thereafter, the said unused receipts, invoices, permits,  
22 licenses and clearances shall no longer be allowed for use in any transaction in  
23 the Philippines.

24       SEC. 8. *Penalty.* – Any person who fails to comply with the  
25 requirements of this Act, including the parties involved in a transaction where  
26 the use of security paper made from indigenous materials or water-marked  
27 security paper is prescribed, as well as any government functionary involved in  
28 the monitoring or regulating these transactions, shall be subject to all the  
29 appropriate sanctions and penalties provided for in the National Internal  
30 Revenue Code (NIRC) and other pertinent laws, rules and regulations.

1           SEC. 9. *Implementing Rules and Regulations (IRR)*. – The Secretary  
2 of the DOF, in consultation with the Director of the NPO, shall promulgate  
3 appropriate rules and regulations, including the identification and setting of the  
4 standards upon which the security paper shall be sourced and supplied and  
5 such other details as would be necessary and appropriate for the effective  
6 implementation of this Act.

7           SEC. 10. *Separability Clause*. – If, for any reason, any provision of  
8 this Act is declared unconstitutional or invalid, the remainder or any provision  
9 hereof not affected thereby shall remain in force and in effect.

10          SEC. 11. *Repealing Clause*. – The provisions of any law, executive  
11 order, presidential decree or other issuance inconsistent with this Act are  
12 hereby repealed, amended or modified accordingly.

13          SEC. 12. *Effectivity*. – This Act shall take effect fifteen (15) days after  
14 its publication in the *Official Gazette* or in at least two (2) newspapers of  
15 general circulation, whichever comes earlier.

Approved,

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