



HOUSE OF REPRESENTATIVES

H. No. 8144

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BY REPRESENTATIVES TANJUATCO, SALCEDA, SUANSING (M.A.), TY, HARESCO, YAP (ERIC), LAGON (S.), DIONISIO, DAYANGHIRANG, VERGARA, ORDANES, PADUANO, CRUZ (A.), GUTIERREZ, VERZOSA, BERNOS, LUISTRO, AQUINO-MAGSAYSAY, PADIERNOS, TARRIELA, COLADA, ZAMORA (M.C.), CUA, LOYOLA, DAGOOC, PALMA, PUMAREN, ROBES, CAMPOS, MAGSINO, GORRICETA, SALO, ALVAREZ (J.), SUANSING (H.), PANOTES, CHUNGALAO, LACSON-NOEL, CAGAS, RODRIGUEZ (R.), BOLILIA, CALDERON, TAN (S.J.), DELOS SANTOS, CUARESMA, NOEL, SALIMBANGON, FUENTEBELLA, REYES, MENDOZA, GONZALEZ, SINGSON-MEEHAN, BARBERS, SUAN AND DALIPE, PER COMMITTEE REPORT NO. 540

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**AN ACT  
DEFINING THE CRIME OF TAX RACKETEERING, AND PROVIDING PENALTIES  
THEREOF, AMENDING FOR THE PURPOSE SECTION 257 OF THE NATIONAL  
INTERNAL REVENUE CODE OF 1997, AS AMENDED**

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

1           SECTION 1. Section 257 of the National Internal Revenue Code of 1997, as amended,  
2 is hereby amended to read as follows:

3                   “SEC. 257. *Penal Liability for Making False Entries, Records or*  
4                   *Reports, or Using Falsified or Fake Accountable Forms. –*

5                   (A) Any financial officer or independent Certified Public Accountant  
6                   engaged to examine and audit books of accounts of taxpayers  
7                   under Section 232 (A) and any person under his direction who:

8                   (1) xxx;

9                   (2) xxx;

10                  (B) Any person who:

11                  (1) xxx;

12                  (2) xxx;

13                  (3) xxx;

1 (4) xxx;  
2 (5) xxx;  
3 (6) xxx;  
4 (7) xxx; or  
5 (8) Willfully attempts in any manner to evade or defeat any tax  
6 imposed under this Code, or knowingly **DISTRIBUTES,**  
7 **ACQUIRES,** uses **OR AIDS IN THE USE OF**  
8 **UNAUTHORIZED,** fake or falsified revenue official receipts,  
9 **SALES INVOICES, COMMERCIAL INVOICES,** Letters of  
10 Authority, certificates authorizing registration, Tax Credit  
11 Certificates, Tax Debit Memoranda and other accountable  
12 forms shall, upon conviction for each act or omission, be  
13 punished by a fine not less than [Fifty thousand pesos  
14 (P50,000)] **FIVE MILLION PESOS (P5,000,000)** but not more  
15 than [One hundred thousand pesos (P100,000)] **TEN**  
16 **MILLION PESOS (P10,000,000),** and [suffer] imprisonment of  
17 not less than [two (2)] **SIX (6)** years but not more than [six (6)]  
18 **TEN (10)** years.

19 If the offender is a Certified Public Accountant, [his] **THE**  
20 **OFFENDER'S** [certificate as a Certified Public Accountant]  
21 **LICENSE TO PRACTICE THE ACCOUNTING PROFESSION**  
22 **AND CERTIFICATE OF REGISTRATION** shall be  
23 automatically revoked or cancelled upon conviction.

24 In the case of foreigners, conviction under this Code shall  
25 result in [his] **THEIR** immediate deportation after serving  
26 sentence, without further proceedings for deportation.

27 **(C) TAX RACKETEERING. – ANY PERSON WHO ENGAGES IN**  
28 **ANY COORDINATED SCHEME OR OPERATION TO EVADE**  
29 **OR DEFEAT ANY TAX IMPOSED UNDER THIS CODE**  
30 **THROUGH THE FRAUDULENT USE OF RECEIPTS,**  
31 **RETURNS, AND OTHER RECORDS, WITH A MINIMUM**

1 AMOUNT OF TEN MILLION PESOS (P10,000,000.00) IN  
2 TAXES EVADED, SHALL, IN ADDITION TO OTHER  
3 PENALTIES PROVIDED BY LAW, UPON CONVICTION  
4 THEREOF, SUFFER IMPRISONMENT OF NOT LESS THAN  
5 SEVENTEEN (17) YEARS BUT NOT MORE THAN TWENTY  
6 (20) YEARS: *PROVIDED*, THAT THE CONVICTION OR  
7 ACQUITTAL OBTAINED UNDER THIS SECTION SHALL  
8 NOT BE A BAR TO THE FILING OF A CIVIL SUIT FOR THE  
9 COLLECTION OF TAXES.

10 IN THE CASE OF CORPORATIONS, NONGOVERNMENT  
11 ORGANIZATIONS, ASSOCIATIONS, COOPERATIVES, OR  
12 SINGLE PROPRIETORSHIPS ENGAGED IN TAX  
13 RACKETEERING, THE PENALTIES UNDER THIS SECTION  
14 SHALL BE IMPOSED ON THE OFFICERS AND ON  
15 EMPLOYEES AND INDIVIDUALS WITHOUT WHOSE  
16 PARTICIPATION THE OFFENSE COULD NOT BE  
17 COMMITTED.

18 ACCOMPLICES, OR PERSONS WHO COOPERATE IN THE  
19 EXECUTION OF THE OFFENSE PUNISHED UNDER THIS  
20 SECTION SHALL, IN ADDITION TO OTHER PENALTIES  
21 PROVIDED BY LAW, UPON CONVICTION THEREOF,  
22 SUFFER IMPRISONMENT OF NOT LESS THAN TEN (10)  
23 YEARS BUT NOT MORE THAN SEVENTEEN (17) YEARS.

24 PERSONS WHO HAVING KNOWLEDGE OF THE  
25 COMMISSION OF THE CRIME, AND WITHOUT HAVING  
26 PARTICIPATED THEREIN, EITHER AS PRINCIPALS OR  
27 ACCOMPLICES, TAKE PART SUBSEQUENT TO ITS  
28 COMMISSION OF TAX RACKETEERING, INCLUDING AS  
29 TAXPAYERS PROFITING FROM THE ACTIVITIES  
30 PUNISHED UNDER THIS SECTION SHALL, IN ADDITION  
31 TO OTHER PENALTIES PROVIDED BY LAW, UPON

1           CONVICTION THEREOF, SUFFER IMPRISONMENT OF  
2           NOT LESS THAN SIX (6) YEARS BUT NOT MORE THAN  
3           TEN (10) YEARS.

4           ANY PUBLIC OFFICIAL WHO AIDS AND ABETS THE  
5           COMMISSION OF THE OFFENSE PUNISHED UNDER THIS  
6           SECTION SHALL, IN ADDITION TO BEING CHARGED AS  
7           AN ACCOMPLICE, SUFFER THE PENALTY OF  
8           PERPETUAL DISQUALIFICATION FROM ANY PUBLIC  
9           OFFICE.”

10           SEC. 2. If any provision of this Act is held invalid or unconstitutional, the other  
11           provisions not affected thereby shall remain in full force and effect.

12           SEC. 3. All laws, presidential decrees, executive orders, rules and regulations  
13           and other issuances or parts thereof which are inconsistent with the provisions of this  
14           Act are hereby repealed, amended or modified accordingly.

15           SEC. 4. This Act shall take effect after fifteen (15) days following its complete  
16           publication in the *Official Gazette* or in a newspaper of general circulation.

          Approved,