



P. 2 - (247)

HOUSE OF REPRESENTATIVES

H. No. 2165

INTRODUCED BY HONORABLE PEREZ (H.), JAVIER (E.), DIAZ (R.), FIGUEROA, ROMERO, TEVES, FUENTEBELLA, GILLEGO, TAJON, PARAS, DEL MAR, DURANO III, SINGSON, MARTINEZ, JR., ANDOLANA, ESPINOSA, MONTEJO, LOPEZ (A.), STARKE, BONDOC, TINGA, CANDAZO, MADRONA, CABILAO, URRO, LANTO, QUIMPO, LOPEZ (J.), SARMIENTO (A.), VENEGAS, FUENTES, SOON-RUIZ, HENSON, CARMONA, PAREDES, JR., GARCIA (M.), BAGUIO, YULO, ZUBIRI, JR., ALFELOR, PUEY, PAYUMO, CHAVES, TANJUATCO, JR., ALMARIO, BAGATSING, JR., AQUINO (F.), ARROYO, TUAZON, VALDEZ, SARMIENTO (R.) AND RAMIREZ, PER COMMITTEE REPORT NO. 14

AN ACT INCREASING PENALTIES FOR TAX EVASION, AMENDING FOR THIS PURPOSE PERTINENT SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

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

1 SECTION 1. A new paragraph (e) is hereby added to Section
2 252 of the National Internal Revenue Code, as amended, to read as
3 follows:

4 “(E) THE FINES TO BE IMPOSED FOR ANY VIOLATION OF THE
5 PROVISIONS OF THIS CODE SHALL NOT BE LOWER THAN THE FINES
6 IMPOSED HEREIN OR TWICE THE AMOUNT OF TAXES, INTERESTS

1 AND SURCHARGES DUE FROM THE TAXPAYER, WHICHEVER IS
2 HIGHER.

3 SEC. 2. Section 253 of the National Internal Revenue Code,
4 as amended, is hereby further amended to read as follows:

5 "SEC. 253. Attempt to evade or defeat tax. - Any person
6 who willfully attempts in any manner to evade or defeat any tax
7 imposed under this Code or the payment thereof shall, in addition
8 to other penalties provided by law, upon conviction thereof, be fined
9 not [more] LESS than [ten] THIRTY thousand pesos [or imprisoned
10 for not more than two years, or both] BUT NOT MORE THAN ONE
11 HUNDRED THOUSAND PESOS AND SUFFER IMPRISONMENT OF NOT
12 LESS THAN TWO YEARS BUT NOT MORE THAN FOUR YEARS."

13 SEC. 3. The second paragraph of Section 254 of the National
14 Internal Revenue Code, as amended, is hereby further amended to
15 read as follows:

16 "Any person who attempts to make it appear for any reason
17 that he or another has in fact filed a return or statement, or actually
18 files a return or statement and subsequently withdraws the same
19 return or statement after securing the official receiving seal or
20 stamp of receipt of an internal revenue office wherein the same was
21 actually filed shall, upon conviction therefor, be fined not less than

1 [Three thousand pesos or imprisoned for not more than one year,
 2 or both] TEN THOUSAND PESOS BUT NOT MORE THAN TWENTY
 3 THOUSAND PESOS AND SUFFER IMPRISONMENT OF NOT LESS THAN
 4 ONE YEAR BUT NOT MORE THAN THREE YEARS."

5 SEC. 4. Section 255 of the National Internal Revenue Code,
 6 as amended, is hereby further amended to read as follows:

7 "SEC. 255. Penal liability of corporations. - Any corpora-
 8 tion, association or general co-partnership liable for any of the acts
 9 or omissions penalized under this Code, in addition to the penalties
 10 imposed herein upon the responsible corporate officers, partners or
 11 employees, shall, upon conviction[,] for each act or omission, be
 12 fined for not less than [Ten thousand pesos but not more than One
 13 hundred thousand pesos] FIFTY THOUSAND PESOS BUT NOT MORE
 14 THAN ONE HUNDRED THOUSAND PESOS."

15 SEC. 5. Section 256 of the National Internal Revenue Code,
 16 as amended, is hereby further amended to read as follows:

17 "SEC. 256. Penal liability for making false entries, records
 18 or reports. - (a) Any independent certified public accountant
 19 engaged to examine and audit books of accounts of taxpayers under
 20 subparagraph (a) of Section 232 and any person under his direction
 21 who:

1 **"(1) Willfully falsifies any report or statement bearing on any**
 2 **examination or audit, or renders a report, including exhibits, state-**
 3 **ments, schedules or other forms of accountancy work which has not**
 4 **been verified by him personally or under his supervision or by a**
 5 **member of his firm or by a member of his staff in accordance with**
 6 **sound auditing practices, or**

7 **"(2) Certifies financial statements of a business enterprise**
 8 **containing an essential misstatement of facts or omission in respect**
 9 **of the transactions, taxable income, deduction and exemption of his**
 10 **client, or**

11 **"(b) Any person who:**

12 **"(1) Not being an Independent Certified Public Accountant**
 13 **according to subparagraph (B) of Section 232, examines and audits**
 14 **books of accounts of taxpayers, or**

15 **"(2) Offers to sign and certify financial statements without**
 16 **audit, or**

17 **"(3) Offers any taxpayer the use of accounting bookkeeping**
 18 **records for internal revenue purposes not in conformity with the**
 19 **requirements prescribed in this Code or regulations promulgated**
 20 **thereunder, or**

21 **"(4) Knowingly makes any false entry or enters any false or**

1 fictitious name in the books of accounts or records mentioned in the
2 preceding paragraphs, or

3 "(5) Keeps two or more sets of such records or books of
4 accounts, or

5 "(6) In any way commits an act or omission, in violation of
6 the provisions of this section, or

7 "(7) Fails to keep the books of accounts or records men-
8 tioned in Section 232 in a native language, English or Spanish, or to
9 make a true and complete translation as required in Section 234 of
10 this Code, or whose books of accounts or records kept in a native
11 language, English or Spanish, and found to be at material variance
12 with books or records kept by him in another language, shall, upon
13 conviction for each act or omission, be punished by a fine of not less
14 than [Ten thousand pesos but not more than Fifty thousand pesos
15 or by imprisonment of not less than four years and one day but not
16 more than six years, or both] THIRTY THOUSAND PESOS BUT NOT
17 MORE THAN FIFTY THOUSAND PESOS AND SUFFER IMPRISONMENT
18 OF NOT LESS THAN TWO YEARS BUT NOT MORE THAN SIX YEARS."

19 SEC. 6. Section 257 of the National Internal Revenue Code,
20 as amended, is hereby further amended to read as follows:

21 "SEC. 257. Unlawful pursuit of business. - Any person

1 who carries on any business for which a privilege tax is imposed
 2 without paying the tax as required by law shall, upon conviction for
 3 each act or omission, be fined not less than [One thousand pesos
 4 but not more than Five thousand pesos or imprisoned for not less
 5 than one month but not more than six months, or both:] FIVE
 6 THOUSAND PESOS BUT NOT MORE THAN TWENTY THOUSAND PESOS
 7 AND SUFFER IMPRISONMENT OF NOT LESS THAN SIX MONTHS BUT
 8 NOT MORE THAN TWO YEARS: *Provided, That, in the case of a*
 9 *person engaged in the business of distilling, rectifying, repacking,*
 10 *compounding or manufacturing any article subject to excise tax, he*
 11 *shall, upon conviction for each act or omission, be fined for not less*
 12 *than [Five thousand pesos but not more than Twenty-five thousand*
 13 *pesos or imprisoned for a term of not less than six months but not*
 14 *more than three years, or both] THIRTY THOUSAND PESOS BUT NOT*
 15 *MORE THAN FIFTY THOUSAND PESOS AND SUFFER IMPRISONMENT*
 16 *OF NOT LESS THAN TWO YEARS BUT NOT MORE THAN FOUR YEARS."*

17 SEC. 7. Section 258 of the National Internal Revenue Code,
 18 as amended, is hereby further amended to read as follows:

19 "SEC. 258. **Illegal collection of foreign payments.** - Any
 20 person who knowingly undertakes the collection of foreign pay-
 21 ments as provided under Section 60 of this Code without having

1 obtained a license therefor, or without complying with its imple-
 2 menting regulations, shall, upon conviction for each act or omission,
 3 be fined for not less than [Five thousand pesos nor more than
 4 Twenty-five thousand pesos, or imprisoned for not less than six
 5 months but not more than three years, or both] TWENTY THOU-
 6 SAND PESOS BUT NOT MORE THAN FIFTY THOUSAND PESOS AND
 7 SUFFER IMPRISONMENT OF NOT LESS THAN ONE YEAR BUT NOT
 8 MORE THAN TWO YEARS."

9 SEC. 8. Section 262 of the National Internal Revenue Code,
 10 as amended, is hereby further amended to read as follows:

11 "SEC. 262. Unlawful possession or removal of articles sub-
 12 ject to excise tax without payment of the tax. - Any person who
 13 owns and/or is found in possession of imported articles subject to
 14 excise tax, the tax on which has not been paid in accordance with
 15 law or any person who owns and/or is found in possession of
 16 imported tax-exempt articles other than those to whom they are
 17 legally issued shall be punished by:

18 "(1) A fine of not less than [One hundred pesos nor more
 19 than Five hundred] ONE THOUSAND pesos BUT NOT MORE THAN
 20 TWO THOUSAND PESOS and SUFFER imprisonment of not less than
 21 [fifteen days nor more than thirty] SIXTY days BUT NOT MORE THAN

1 ONE HUNDRED DAYS if the appraised value, to be determined in the
 2 manner prescribed in the Tariff and Customs Code, including duties
 3 and taxes, of the articles does not exceed [Five hundred] ONE
 4 THOUSAND pesos.

5 "(2) A fine of not less than [One thousand pesos nor more
 6 than Five] TEN thousand pesos BUT NOT MORE THAN TWENTY
 7 THOUSAND PESOS and SUFFER imprisonment of not less than [six
 8 months and one day nor more than four] TWO years BUT NOT
 9 MORE THAN FOUR YEARS, if the appraised value, to be determined
 10 in the manner prescribed in the Tariff and Customs Code, including
 11 duties and taxes, of the articles exceed [Five hundred] ONE THOU-
 12 SAND pesos but does not exceed Fifty thousand pesos.

13 "(3) A fine of not less than [Ten thousand pesos nor more
 14 than Twenty-five] THIRTY thousand pesos BUT NOT MORE THAN
 15 SIXTY THOUSAND PESOS and SUFFER imprisonment of not less than
 16 [four years and one day nor more than eight] FOUR years BUT NOT
 17 MORE THAN SIX YEARS, if the appraised value, to be determined in
 18 the manner prescribed in the Tariff and Customs Code, including
 19 taxes and duties, of the articles is more than Fifty thousand pesos
 20 but does not exceed One hundred fifty thousand pesos.

21 "(4) A fine of not less than [Twenty thousand pesos nor more

1 than] Fifty thousand pesos BUT NOT MORE THAN ONE HUNDRED
2 THOUSAND PESOS and SUFFER imprisonment of not less than [ten
3 years and one day nor more than fourteen] TEN years BUT NOT
4 MORE THAN TWELVE YEARS, if the appraised value, to be deter-
5 mined in the manner prescribed in the Tariff and Customs Code,
6 including taxes and duties, of the articles exceed One hundred fifty
7 thousand pesos.

8 "Any person who is found in possession of locally manufac-
9 tured articles subject to excise tax, the tax on which has not been
10 paid in accordance with law, or any person who is found in posses-
11 sion of such articles which are exempt from excise tax other than
12 those to whom the same is lawfully issued shall be punished with a
13 fine of not less than ten times the amount of excise tax due on the
14 articles found but not less than Five hundred pesos [nor more than
15 Ten thousand pesos] and SUFFER imprisonment of [from six months
16 and one day to four] NOT LESS THAN TWO years BUT NOT MORE
17 THAN FOUR YEARS.

18 "Any manufacturer, owner, or person in charge of any article
19 subject to excise tax who removes or allows or causes the unlawful
20 removal of any such articles from the place of production or bonded
21 warehouse, upon which the articles subject to excise tax has not

1 **been paid at the time and in manner required, and any person who**
 2 **knowingly aids or abets in the removal of such articles as aforesaid,**
 3 **or conceals the same after illegal removal shall, for the first offense,**
 4 **be punished with a fine of not less than ten times the amount of**
 5 **excise tax due on the articles, but not less than One thousand pesos,**
 6 **[nor more than One hundred thousand pesos] and SUFFER impris-**
 7 **onment of not less than [six months and one day but not more than**
 8 **six years] ONE YEAR BUT NOT MORE THAN TWO YEARS.**

9 **"The mere unexplained possession of articles subject to excise**
 10 **tax, the tax on which has not been paid in accordance with law, shall**
 11 **be punished under this section."**

12 **SEC. 9. Paragraph (a) of Section 263 of the National Internal**
 13 **Revenue Code, as amended, is hereby further amended to read as**
 14 **follows:**

15 **"(a) Any person who, being required under Section 238 to**
 16 **issue receipts or sales or commercial invoices, fails or refuses to**
 17 **issue such receipts or invoices, issues receipts or invoices that do not**
 18 **truly reflect and/or contain all the information required to be**
 19 **shown therein or uses multiple or double receipts or invoices[,]**
 20 **shall, upon conviction[,] for each act or omission, be fined not less**
 21 **than One thousand pesos [but not more than Fifty thousand pesos**

1 or imprisoned for a term of not less than six months and one day
 2 but not more than two years, or both] AND SUFFER IMPRISONMENT
 3 OF NOT LESS THAN TWO YEARS BUT NOT MORE THAN FOUR YEARS."

4 SEC. 10. Section 264 of the National Internal Revenue Code,
 5 as amended, is hereby further amended to read as follows:

6 "SEC. 264. Offenses relating to stamps. - Any person who
 7 commits any of the acts enumerated hereunder shall, upon convic-
 8 tion thereof, be fined [not more than Ten thousand pesos or impri-
 9 soned for not more than five years, or both] NOT LESS THAN
 10 TWENTY THOUSAND PESOS BUT NOT MORE THAN FIFTY THOUSAND
 11 PESOS AND SUFFER IMPRISONMENT OF NOT LESS THAN FOUR YEARS
 12 BUT NOT MORE THAN EIGHT YEARS:

13 "(1) Makes, imports, sells, uses or possesses without
 14 express authority from the Commissioner, any die for printing or
 15 making stamps, labels, tags or playing cards.

16 "(2) Erases the cancellation marks of any stamps previously
 17 used or alters the written figures or letters or cancellation marks on
 18 internal revenue stamps.

19 "(3) Possesses false, counterfeit, restored or altered stamps,
 20 labels or tags or causes the commission of any such offense by
 21 another.

1 **"(4) Sells or offers for sale any box or package containing**
 2 **articles subject to excise tax with false, spurious or counterfeit**
 3 **stamps or labels or sells from any such fraudulent box, package or**
 4 **container as aforesaid.**

5 **"(5) Gives away or accepts from another or sells, buys or uses**
 6 **containers on which the stamps are not completely destroyed.**

7 **"SEC. 11. Section 265 of the National Internal Revenue**
 8 **Code, as amended, is hereby further amended to read as follows:**

9 **"SEC. 265. Failure to obey summons. - Any person who,**
 10 **being duly summoned to appear to testify, or to appear and produce**
 11 **books of accounts, records, memoranda, or other papers, or to**
 12 **furnish information as required under the pertinent provisions of**
 13 **this Code, neglects to appear or to produce such books of accounts,**
 14 **records, memoranda, or other papers, or to furnish such informa-**
 15 **tion, shall, upon conviction, be fined not less than [One thousand**
 16 **pesos or imprisoned for not more than one year, or both] FIVE**
 17 **THOUSAND PESOS BUT NOT MORE THAN TEN THOUSAND PESOS**
 18 **AND SUFFER IMPRISONMENT OF NOT LESS THAN ONE YEAR BUT NOT**
 19 **MORE THAN TWO YEARS."**

20 **SEC. 12. Section 268 of the National Internal Revenue Code,**
 21 **as amended, is hereby further amended to read as follows:**

1 **"SEC. 268. Violations committed by government enforce-**
 2 **ment officers. - Every official, agent or employee of the Bureau**
 3 **of Internal Revenue or any other agency of the Government**
 4 **charged with the enforcement of the provisions of this Code, who is**
 5 **guilty of any of the offenses hereinbelow specified[,] shall, upon**
 6 **conviction for each act or omission, be fined [in a sum] of not less**
 7 **than [Five thousand pesos but not more than] Fifty thousand pesos,**
 8 **[or imprisoned for a term of not less than one year but not more**
 9 **than ten years, or both] AND SUFFER IMPRISONMENT OF NOT LESS**
 10 **THAN TEN YEARS AND SHALL LIKEWISE SUFFER AN ADDITIONAL**
 11 **PENALTY OF PERPETUAL DISQUALIFICATION TO HOLD PUBLIC**
 12 **OFFICE, TO VOTE AND TO PARTICIPATE IN ANY PUBLIC ELECTION:**

13 **"(1) Those guilty of extortion or willful oppression through**
 14 **the use of his office;**

15 **"(2) Those who knowingly demand other or greater sums**
 16 **than are authorized by law or receive any fees, compensation or**
 17 **reward, except as by law prescribed, for the performance of any**
 18 **duty;**

19 **"(3) Those who willfully neglect to give receipts, as by law**
 20 **required, for any sums collected in the performance of duty or who**
 21 **willfully neglect to perform any other duties enjoined by law;**

1 **"(4) Those who conspire or collude with another or others to**
2 **defraud the revenues or otherwise violate the provisions of this**
3 **Code;**

4 **"(5) Those who by neglect or design permit the violation of**
5 **the law by any other person;**

6 **"(6) Those who make or sign any false entry or entries in any**
7 **books, or make or sign any false certificate or return;**

8 **"(7) Those who allow or conspire or collude with another to**
9 **allow the unauthorized retrieval, withdrawal or recall of any return,**
10 **statement or declaration after the same has been officially received**
11 **by the Bureau of Internal Revenue;**

12 **"(8) Those who, having knowledge or information of a viola-**
13 **tion of this Code or of any fraud committed on the revenues collect-**
14 **ible by the Bureau of Internal Revenue, fail to report such knowl-**
15 **edge or information to their superior officer or to report as other-**
16 **wise required by law; and**

17 **"(9) Those who, without the authority of law, demand or**
18 **accept or attempt to collect, directly or indirectly, as payment or**
19 **otherwise any sum of money or other thing of value for the com-**
20 **promise, adjustment, or settlement of any charge or complaint for**
21 **any violation or alleged violation of this Code."**

1 **SEC. 13. The Secretary of Finance shall, upon the recom-**
2 **mendation of the Commissioner of Internal Revenue, promulgate**
3 **the necessary rules and regulations for the effective implementation**
4 **of this Act.**

5 **SEC. 14. All laws, decrees, orders, rules and regulations, and**
6 **other issuances inconsistent with the provisions of this Act are**
7 **hereby repealed or amended accordingly.**

8 **SEC. 15. This Act shall take effect upon its approval.**

Approved,

O