

H. No. 2165

S. No. 32

64

Republic of the Philippines
Congress of the Philippines
Metro Manila

First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, nineteen hundred and ninety-two.



[REPUBLIC ACT NO. -7642-]

AN ACT INCREASING THE PENALTIES FOR TAX
EVASION, AMENDING FOR THIS PURPOSE THE
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:*

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

"(e) The fines to be imposed for any violation of the provisions of this Code shall not be lower than the fines imposed herein or twice the amount of taxes, interests, and surcharges due from the taxpayer, whichever is higher."

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

"SEC. 253. Attempt to evade or defeat tax. - Any person who willfully attempts in any manner to evade or defeat any tax imposed under this Code or the payment thereof shall, in addition to other penalties provided by law, upon conviction thereof, be fined not less than Thirty thousand pesos but not more than One hundred thousand pesos and suffer imprisonment of not less than two years but not more than four years."

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

"Any person who attempts to make it appear for any reason that he or another has in fact filed a return or statement, or actually files a return or statement and subsequently withdraws the same return or statement after securing the official receiving seal or stamp of receipt of an internal revenue office wherein the same was actually filed shall, upon conviction therefor, be fined not less than Ten thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than one year but not more than three years."

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

"SEC. 255. Penal liability of corporations. - Any corporation, association, or general co-partnership liable for any of the acts or omissions penalized under this Code, in addition to the penalties imposed herein upon the responsible corporate officers, partners, or employees, shall, upon conviction for each act or omission, be fined not less than Fifty thousand pesos but not more than One hundred thousand pesos."

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

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

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

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

"(b) Any person who:

"(1) Not being an independent certified public accountant according to subparagraph (B) of Section 232, examines and audits books of accounts of taxpayers; or

"(2) Offers to sign and certify financial statements without audit; or

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

"(4) Knowingly makes any false entry or enters any false or fictitious name in the books of accounts or records mentioned in the preceding paragraphs; or

"(5) Keeps two or more sets of such records or books of accounts; or

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

"(7) Fails to keep the books of accounts or records mentioned in Section 232 in a native language, English, or Spanish, or to make a true and complete translation as required in Section 234 of this Code, or whose books of accounts or records kept in a native language, English, or Spanish, and found to be at material variance with books or records kept by him in another language, shall, upon conviction for each act or omission, be

punished by a fine of not less than Thirty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than two years but not more than six years."

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

"SEC. 257. **Unlawful pursuit of business.** - Any person who carries on any business for which a privilege tax is imposed without paying the tax as required by law shall, upon conviction for each act or omission, be fined not less than Five thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than six months but not more than two years: *Provided*, That, in the case of a person engaged in the business of distilling, rectifying, repacking, compounding, or manufacturing any article subject to excise tax, he shall, upon conviction for each act or omission, be fined not less than Thirty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than two years but not more than four years."

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

"SEC. 258. **Illegal collection of foreign payments.** - Any person who knowingly undertakes the collection of foreign payments as provided under Section 60 of this Code without having obtained a license therefor, or without complying with its implementing regulations, shall, upon conviction for each act or omission, be fined not less than Twenty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than one year but not more than two years."

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

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

"(1) A fine of not less than One thousand pesos but not more than Two thousand pesos and suffer imprisonment of not less than sixty days but not more than one hundred days if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles does not exceed One thousand pesos;

"(2) A fine of not less than Ten thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than two years but not more than four years if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles exceed One thousand pesos but does not exceed Fifty thousand pesos;

"(3) A fine of not less than Thirty thousand pesos but not more than Sixty thousand pesos and suffer imprisonment of not less than four years but not more than six years if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles is more than Fifty thousand pesos but does not exceed One hundred fifty thousand pesos; or

"(4) A fine of not less than Fifty thousand pesos but not more than One hundred thousand pesos and suffer imprisonment of not less than ten years but not more than twelve years if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles exceed One hundred fifty thousand pesos.

"Any person who is found in possession of locally manufactured articles subject to excise tax, the tax on which has not been paid in accordance with law, or any person who is found in possession of such articles which are exempt from excise tax other than those to whom the same is lawfully issued shall be punished with a fine of not less than ten times the amount of excise tax due on the articles found but not less than Five hundred pesos and suffer imprisonment of not less than two years but not more than four years.

"Any manufacturer, owner, or person in charge of any article subject to excise tax who removes or allows or causes the unlawful removal of any such articles from the place of production

or bonded warehouse, upon which the articles subject to excise tax has not been paid at the time and in manner required, and any person who knowingly aids or abets in the removal of such articles as aforesaid, or conceals the same after illegal removal shall, for the first offense, be punished with a fine of not less than ten times the amount of excise tax due on the articles but not less than One thousand pesos and suffer imprisonment of not less than one year but not more than two years.

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

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

"(a) Any person who, being required under Section 238 to issue receipts or sales or commercial invoices, fails or refuses to issue such receipts or invoices, issues receipts or invoices that do not truly reflect and/or contain all the information required to be shown therein or uses multiple or double receipts or invoices shall, upon conviction for each act or omission, be fined not less than One thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than two years but not more than four years."

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

"SEC. 264. Offenses relating to stamps. - Any person who commits any of the acts enumerated hereunder shall, upon conviction thereof, be fined not less than Twenty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than four years but not more than eight years:

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

"(2) Erases the cancellation marks of any stamp previously used or alters the written figures or letters or cancellation marks on internal revenue stamps;

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

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

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

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

"SEC. 265. Failure to obey summons. - Any person who, being duly summoned to appear to testify, or to appear and produce books of accounts, records, memoranda, or other papers, or to furnish information as required under the pertinent provisions of this Code, neglects to appear or to produce such books of accounts, records, memoranda, or other papers, or to furnish such information, shall, upon conviction, be fined not less than Five thousand pesos but not more than Ten thousand pesos and suffer imprisonment of not less than one year but not more than two years."

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

"SEC. 268. Violations committed by government enforcement officers. - Every official, agent, or employee of the Bureau of Internal Revenue or any other agency of the Government charged with the enforcement of the provisions of this Code who is guilty of any of the offenses hereinbelow specified shall, upon conviction for each act or omission, be fined not less than Fifty thousand pesos but not more than One hundred thousand pesos and suffer imprisonment of not less than ten years but not more than fifteen years and shall likewise suffer an additional penalty of perpetual disqualification to hold public office, to vote, and to participate in any public election:

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

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

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

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

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

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

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

"(8) Those who, having knowledge or information of a violation of this Code or of any fraud committed on the revenues collectible by the Bureau of Internal Revenue, fail to report such knowledge or information to their superior officer or to report as otherwise required by law; and

"(9) Those who, without the authority of law, demand or accept or attempt to collect, directly or indirectly, as payment or otherwise any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of this Code."

SEC. 13. There is hereby created the Congressional Oversight Committee composed of the Chairmen of the Committees on Ways and Means of both Houses of Congress as

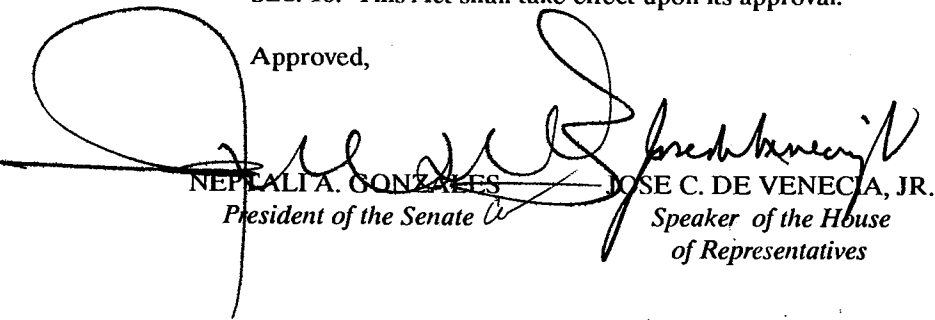
Co-chairmen and three other members each from said committees. The Oversight Committee shall convene within two years after the approval of this Act to review its implementation and recommend amendments thereto.

SEC. 14. The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act:

SEC. 15. All laws, decrees, orders, rules and regulations, and other issuances inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 16. This Act shall take effect upon its approval.

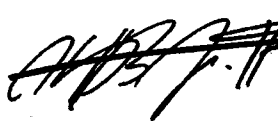
Approved,




NEPTALIA A. GONZALES
President of the Senate

JOSE C. DE VENECA, JR.
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 2165 and Senate Bill No. 32 was finally passed by the House of Representatives and the Senate on December 17, 1992 and December 18, 1992, respectively.

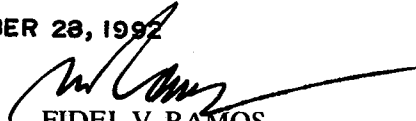


ANACLETO D. BADOY, JR.
Secretary of the Senate



CAMILO L. SABIO
Secretary General House of Representatives

Approved: **DECEMBER 28, 1992**



FIDEL V. RAMOS
President of the Philippines