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REPUBLIC OF THE PHILIPPINES
CONGRESS OF THE PHILIPPINES
SENATE

Record of the Senate

FIRST REGULAR SESSION
OCTOBER 19 TO DECEMBER 18, 1992

VOLUME II, NOS. 29-44

Prepared by the Debate Reporters Division
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Legislative Operations, Secretariat of the Senate
under the supervision of
SECRETARY ANACLETO D. BADOY, JR.

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The Presiding Officer [Senator Sotto]: Is there any objection? [*Silence*] There being none, the period of interpellations is hereby closed.

SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 498

Senator Romulo: Mr. President, may I now ask that we suspend consideration of this bill.

The Presiding Officer [Senator Sotto]: Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

BILL ON SECOND READING
Senate Bill No. 32--Increasing Fines and
Penalties for Tax Evasion

Senator Romulo: Mr. President, I move that we consider Senate Bill No. 32 as reported out under Committee Report No. 7.

The Presiding Officer [Senator Sotto]: Consideration of Senate Bill No. 32 is now in order.

With the permission of the Body, the Secretary will read only the title of the bill, without prejudice to inserting in the *Record* the whole text thereof.

The Secretary: Senate Bill No. 32, entitled

AN ACT AMENDING CERTAIN SECTIONS OF
CHAPTER 2, TITLE X OF THE NATIONAL
INTERNAL REVENUE CODE AS
AMENDED.

The following is the full text of Senate Bill No. 32:

EXPLANATORY NOTE

Tax collection efficiency in the Philippines is one of the lowest in the world and the lowest among the ASEAN countries.

In a population of 60 million, there are only 2.4 million taxfilers of which 1.8 million are taxpayers.

One big stumbling block to tax collection efficiency and an effective tax administration is tax evasion and a cavalier attitude to tax laws.

Thus, over the years, tax evasion has resulted in billions of revenue losses. The situation has been exacerbated by the tolerance if not connivance of tax officials as well as the leniency of penal sanctions in the remote possibility of conviction.

This bill seeks to increase the penalties for tax evasion and other related acts and omissions. Instead of providing a ceiling for penalties corresponding to a violation, a minimum for penalties is set. Thus, the courts may impose higher penalties commensurate with the gravity of the tax violation.

In addition, under this bill, fines and imprisonment are concurrently imposed and not in the alternative.

It is hoped that this bill together with other remedial measures would encourage more taxpayers and bigger revenue collections.

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

SECTION 1. Section 253 is hereby 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 (more) LESS than (ten) TWENTY thousand pesos BUT NOT MORE THAN ONE HUNDRED THOUSAND (P100,000.00) PESOS or imprisoned for not (more) LESS than two years (, or both). BUT NOT MORE THAN FOUR (4) YEARS FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN TWO (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS FOR SUBSEQUENT OFFENSES.

SEC. 2. Section 254 is hereby amended to read as follows:

SEC. 254. *Failure to file Return, Supply Information, Pay Tax, Withhold and Remit Tax.* - Any person required under this Code or by regulations promulgated thereunder to pay any tax, make a return, keep any records, or supply any information, who willfully fails to pay such tax, make such return, keep such records, or supply such information, or

withhold or remit taxes withheld at the same time or times required by law or regulations, shall, in addition to other penalties provided by law, upon conviction thereof, be fined not less than (five) TEN THOUSAND (P10,000.00) pesos (nor) BUT NOT more than fifty thousand (P50,000.00) pesos or imprisoned for not less than (six months and one day) ONE (1) YEAR but not more than (five) THREE (3) years (, or both) FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN ONE (1) YEAR BUT NOT MORE THAN THREE (3) YEARS FOR SUBSEQUENT OFFENSES.

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 of 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 (three) SIX thousand (P6,000.00) pesos BUT NOT MORE THAN TWENTY THOUSAND (P20,000.00) PESOS or imprisoned for not (more) LESS than (one year) TWO YEARS (, or both) BUT NOT MORE THAN FOUR (4) YEARS FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN TWO (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS FOR SUBSEQUENT OFFENSES.

SEC. 3. Section 255 is hereby 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 for not less than (ten) TWENTY thousand (P20,000.00) pesos but not more than one hundred thousand (P100,000.00) pesos.

SEC. 4. Section 256 is hereby 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 hereunder, 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 are 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 (10) TWENTY thousand (P20,000.00) pesos but not more than (fifty) ONE HUNDRED THOUSAND (P100,000.00) PESOS or (by) imprisonment of not (more) LESS than (four years and one day) SIX (6)

YEARS but not more than (six) EIGHT (8) years (, or both) FOR THE FIRST OFFENSE, AND IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS BUT NOT MORE THAN EIGHT (8) YEARS FOR SUBSEQUENT OFFENSES.”

SEC. 5. Section 257 is hereby 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 (one) FIVE thousand (P5,000.00) pesos but not more than (five) TWENTY thousand (P20,000.00) pesos or imprisoned for not less than (one month) SIX (6) MONTHS but not more than (six months) TWO (2) YEARS (, or both) FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN SIX (6) MONTHS BUT NOT MORE THAN SIX (6) MONTHS BUT NOT MORE THAN TWO (2) YEARS FOR SUBSEQUENT OFFENSES: *Provided*, That in 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 (five) TEN thousand (P10,000.00) pesos but not more than (twenty-five) FIFTY thousand (P50,000.00) pesos or imprisoned for a term of not less than (six months) TWO (2) YEARS but not more than (three) FOUR (4) years (, or both) FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN TWO (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS FOR SUBSEQUENT OFFENSES.

SEC. 6. Section 258 is hereby 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 for not less than (five) TEN thousand (P10,000.00) pesos (nor) BUT NOT more than (twenty-five) FIFTY thousand (P50,000.00) pesos, or imprisoned for not less than (six months) TWO (2) YEARS but not more than (three) FOUR (4) YEARS but not more than (three) FOUR (4) years (, or both) FOR THE FIRST

OFFENSE, AND IMPRISONED FOR NOT LESS THAN TWO (2) YEARS BUT NOT MORE THAN FOUR (4) YEARS FOR SUBSEQUENT OFFENSES.

SEC. 7. Section 263 is hereby amended to read as follows:

SEC. 263. *Failure or Refusal to Issue Receipt of Sales of Commercial Invoices Violations Related to the Printing of Such Receipts or Invoices and Other Violations.* - Any person who, being required under Section 238 to issue receipt or sales of 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) TWO thousand (P2,000.00) pesos but not more than fifty thousand (P50,000.00) pesos or imprisoned for a term of not less than (six months and one day) ONE (1) YEAR but not more than (two) THREE (3) years (, or both) FOR THE FIRST OFFENSE AND IMPRISONED FOR NOT LESS THAN ONE (1) YEAR BUT NOT MORE THAN THREE (3) YEARS FOR SUBSEQUENT OFFENSES. x x x”

SEC. 8. SEC. 264 is hereby 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 (more) LESS than ten thousand (P10,000.00) pesos BUT NOT MORE THAN FIFTY THOUSAND (P50,000.00) PESOS or imprisoned for not (more) LESS than (five) THREE (3) years (, or both) BUT NOT MORE THAN SIX (6) YEARS FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN THREE (3) YEARS BUT NOT MORE THAN SIX (6) YEARS FOR SUBSEQUENT OFFENSES. x x x

SEC. 9. Section 265 is hereby 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 (one) FIVE thousand (P5,000.00) pesos BUT NOT MORE THAN TEN THOUSAND (P10,000.00) PESOS or imprisoned for not (more) LESS than one (1) year (, or both) BUT NOT MORE THAN TWO (2) YEARS FOR THE FIRST OFFENSE, AND IMPRISONED FOR NOT LESS THAN ONE (1) YEAR BUT NOT MORE THAN TWO (2) YEARS FOR SUBSEQUENT OFFENSES.

SEC. 10. *Effectivity.* - This Act shall take effect after publication in at least two (2) newspapers of general circulation.

Senator Romulo: And for the sponsorship of the bill, may I ask that the distinguished Chairman of the Committee on Ways and Means, Senator Ernesto Herrera, be recognized.

The Presiding Officer [Senator Sotto]: The Honorable Ernesto Herrera, Sponsor of Senate Bill No. 32, is recognized.

SPONSORSHIP SPEECH OF SENATOR HERRERA

Senator Herrera: Thank you, Mr. President.

As Chairman of this Chamber's Committee on Ways and Means, I am honored to report with favor Senate Bill No. 32, "AN ACT AMENDING CERTAIN SECTIONS OF CHAPTER II, TITLE X OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED."

The bill addresses the problem of tax evasion and other related acts and omissions which in our country continue to be the major stumbling blocks to tax collection efficiency and effective tax administration.

It is apparently difficult to measure precisely the extent of tax evasion. But studies show annual losses amounting to billions of pesos from taxes on individual and corporate income.

In 1985, for instance, a NEDA-UNDP study estimated that the amount of individual income tax evasion ranged from P16 billion to P37 billion, while that of corporate income was over P13 billion.

During his inauguration, President Fidel V. Ramos bravely promised to win the future for our nation and concomitantly presented his government's program of action. He

himself, however, admitted that Congress must provide the laws that shall enable the Executive to implement its goals.

Senate Bill No. 32 is one such law. It comes at a time when we need all the resources we can muster to finance our national recovery. It comes at a time when we need to demonstrate the will to pursue those who transgress the existing laws on taxation and ridicule our duly constituted authorities by purposely evading their duties as citizens of the land.

For these reasons, Mr. President, I exhort, on behalf of the Committee on Ways and Means, this Chamber to pass Senate Bill No. 32 into law.

May I now yield the Floor to the bill's Author, Senator Romulo, to answer questions regarding the bill.

The Presiding Officer [Senator Sotto]: The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 32

Senator Romulo: Mr. President, I move that we suspend consideration of Senate Bill No. 32.

The Presiding Officer [Senator Sotto]: Is there any objection? [*Silence*] Hearing none, the motion is approved.

MOTION OF SENATOR ROMULO [Inclusion of Senators Herrera and Macapagal-Arroyo as Coauthors]

Senator Romulo: Mr. President, may I manifest that on Senate Bill No. 32, Senator Herrera is coauthor, and likewise Senator Macapagal-Arroyo.

The Presiding Officer [Senator Sotto]: Let that be placed on record.

BILL ON SECOND READING Senate Bill No. 498--Amending the Education Act of 1992 [*Continuation*]

Senator Romulo: Mr. President, I move that we resume consideration of Senate Bill No. 498 as reported out under Committee Report No. 16.

The Presiding Officer [Senator Sotto]: Resumption of consideration of Senate Bill No. 498 is now in order.

Senator Romulo: Mr. President, we are still in the period

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RESUMPTION OF THE SESSION

At 11:24 a.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, since there are no more interpellators, I move that we close the period of interpellations.

The President: Is there any objection to this motion? [Silence] There being none, the motion is approved.

Senator Romulo: I move that we now consider the amendments: first, committee amendments, and then individual amendments.

Senator Angara: Mr. President, if I may.

The President: Committee amendments.

Senator Angara: Yes, there are committee amendments, Mr. President, but I would like to be given until this afternoon to collate the committee amendments. We would be ready to present them at the first hour of the resumption of the session this afternoon.

The President: All right, what does the Majority Leader say?

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 252

Senator Romulo: Mr. President, I ask that we suspend consideration of Senate Bill No. 252 so that the Author and Sponsor can discuss the committee and individual amendments with the Senators.

The President: All right. Is there any objection to this motion? [Silence] There being none, the motion is approved.

BILL ON SECOND READING Senate Bill No. 32--Increasing Fines and Penalties for Tax Evasion (Continuation)

Senator Romulo: Mr. President, may I ask that we now consider Senate Bill No. 32 as reported out under Committee Report No. 7.

The President: Resumption of consideration of Senate Bill No. 32 is now in order.

Senator Romulo: Mr. President, we are now in the period of interpellations. I ask that the distinguished Gentleman from Bohol, Cebu and Cebu City, the Chairman of the Committee on Ways and Means, Senator Ernesto Herrera be recognized.

The President: Senator Ernesto Herrera, Chairman of the Committee on Ways and Means, is hereby recognized.

Senator Herrera: The Senator from Cebu and Bohol in that order, Mr. President.

Mr. President, may I ask the Sponsor of the bill, Senator Romulo to answer questions during the period of interpellations. So, may I move that Senator Romulo, the Majority Leader, be recognized.

The President: All right. The Majority Leader is hereby recognized.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension.

The President: The session is suspended, if there is no objection. [There was none.]

It was 11:26 a.m.

RESUMPTION OF THE SESSION

At 11:28 a.m., the session was resumed.

The President: The session is resumed.

Senator Aquino: Mr. President.

The President: Senator Aquino is hereby recognized.

Senator Aquino: Mr. President, I would like to have the opinion of the Sponsor on this matter. On all the penalties that are being imposed, it is either an imprisonment or a fine. I would like to find out if the Sponsor is prepared to impose both imprisonment and fine. Because, Mr. President, I notice that for those who are wealthy, they do not mind paying big fines but they have a mortal fear of being imprisoned. For those who cannot afford it, they would rather go to prison because they do not have the funds to pay.

So I am proposing a minimum sentence so that everybody goes to prison. I think any violator should go to prison. That

is very healthy for the soul.

Senator Romulo: Mr. President, we agree with the distinguished Senator from Tarlac. In fact, we are proposing in this bill that after the first offense in most of these provisions, the penalty is fine and imprisonment. But for the first offense, it would be fine or imprisonment.

Senator Aquino: Probably, that is the change I like, Mr. President. Even for the first offense, say, a minimum of 30-day imprisonment will be good so that they will experience what it is to be in prison.

Senator Romulo: At the proper time, Mr. President, we are willing to consider such amendment.

Senator Aquino: Thank you, Mr. President.

The President: Is there any further interpellation?

Senator Maceda: Mr. President.

The President: The Senate President Pro Tempore is recognized.

Senator Maceda: Mr. President, will the distinguished Majority Leader yield for a few questions?

Senator Romulo: Gladly, Mr. President.

Senator Maceda: Mr. President, this Representation is fully supportive of this bill. May I just, for the record, clarify certain perspectives.

Senator Romulo: Gladly, Mr. President.

Senator Maceda: Mr. President, if I recall the record of the Aquino Administration--and we refer to it only because we cannot yet judge the Ramos Administration on this score--part of the problem is that we really never got to a point where there would be use of this law. Because, in spite of several directives to that effect, there has never been any serious prosecution of tax evaders.

May we know, Mr. President, in the study of the distinguished Gentleman of this matter before he prepared the bill, the record of the BIR in prosecuting tax evaders?

Senator Romulo: Mr. President, as far as the BIR is concerned, they have filed several cases in courts. However, there have not been too many convictions.

Senator Maceda: As a matter of fact, if I just go on the basis of the newspapers, which all of us Senators normally read every day for the last six years, I do not recall any report of conviction, especially of any big taxpayer, that has been reported in the newspapers.

At any rate, the next point really is that--and this we have brought up before, but we are constrained to bring it up again--part of the problem why there are no real prosecutions is because of the policy of keeping assessments open for a long time. And after a long period of time, as shown by the list that we brought up the other day, tax liabilities as old as 1974, which are about 20 years ago, were compromised only recently. It seems that the approach is not really one of prosecution of tax evaders, but leniency of giving them all the time, 5 years, 10 years, 15 years, 18 years, or 20 years, to compromise.

The point, Mr. President, is that--call it political will or call it policy--it is about time that the administration, both the Department of Justice and the BIR in cooperation with the same, really had to start filing cases, and after a certain period of time, give up on the compromise approach.

Senator Romulo: Mr. President, in preparing this bill, we conferred with the Executive Department precisely on this point, that unless the Executive Department, the Department of Justice and all the law enforcement judicial bodies really bear on the prosecution of these cases, we would not be able to get much out of these bills. I believe, Mr. President, that under the present administration, under President Fidel Ramos, there is a concerted effort now to really get the big fish, meaning, use the law in order to get the big fish. Therefore, this is precisely one of the implements that they need in order, not only to collect more, increase tax collection efficiency, but in appropriate cases to bring to the bar of justice, with increased penalties, both fines and imprisonment in appropriate cases, the malefactors.

Senator Maceda: Just two more, I think, very crucial points.

Mr. President, does the Gentleman not think that a distinction should be made, in terms of considering one as more serious than the other, between those where there is an attempt to evade or defeat the tax, so to speak, on the basis of: first, the nature of tax, and second, the amount of the tax? Meaning to say, as shown by that list of cases that have been compromised, firstly, there is really no acceptable explanation why people would not remit or pay collections of withholding tax, which they deducted from others, and does not belong to

them, or documentary stamp tax, which is almost automatic, as contradistinguished, let us say, from income taxes where there is a certain amount of discretion on computation allowed. Does not the Gentleman think that we should classify on that basis?

Secondly, of course, where the extent of the evasion is much more. We have, for example, passed the law on plunder. We have, of course, classified crimes according to gravity. Does the Sponsor not think that these penalties that are being imposed are, as a general rule, good for the usual cases but... What I am trying to say is, my perception is, these are even inadequate, if the evasion goes to the millions or to the tens of millions.

Because what happens is that, as shown, for example, even in the kidnapping cases, people are not afraid to commit grievous crimes, much less tax evasion, if the amounts involved are substantial. Let us take the cronies; let us take the behest loans; let us take the people who have not paid for so long. They would not mind paying not more than P100,000 as fine or even imprisonment for not more than four years, if they will end up, after this, with P10, P20, or P100 million in the bank.

Does not the Gentleman think there has to be a graduation of penalties in relation to the amount of tax that is evaded or defeated?

Senator Romulo: Mr. President, there are also civil penalties included in addition to this, which is in Section 248 of the National Internal Revenue Code. But having said that, we would agree with the distinguished Senate President Pro Tempore that we should, perhaps, give some more refinements here; and at the proper time, we would only be too happy to consider such refinements, specifically during the period of amendments.

Senator Maceda: Yes, we would like to work on that, Mr. President. But maybe, we could request the Gentleman's staff to look at it--

Senator Romulo: We will do that.

Senator Maceda: --even if only to send a message. Like on this matter of withholding tax, which was very, very prevalent for a while. This is similar to all these practices of not even forwarding SSS contributions, Medicare contributions, other deductions from employees' pay, and it is withheld by the employer of the taxpayer. I think there has to be a specific mention of this, just to send a message.

First, if we can put a special section, to begin with, for withholding tax, documentary stamp tax and whatever similar taxes which are supposed to be automatically paid or withheld by the taxpayers. Second, considering the average amount that is paid, that in the case of tax evasion where the amount is P1 million or more and looking at the compromises, I think the law should, at least, triple the present penalties that the Gentleman is proposing.

Senator Romulo: We will consider that, Mr. President.

Senator Maceda: Thank you, Mr. President.

Senator Webb: Mr. President.

The President: Senator Webb is recognized.

Senator Webb: Just a few questions, if the Senate Majority Leader will agree to answer.

Senator Romulo: Willingly, Mr. President.

Senator Webb: The proposal in Section 10, which speaks of the effectivity of the said Act, I wonder if, during the period of amendments, the Proponent will take into consideration the lapse of 15 days to lapse after the publication of the law, that the readers, the taxpayers themselves, will be given enough time to analyze its implications.

Senator Romulo: We will consider that, Mr. President, at the appropriate time, during the period of amendments.

Senator Webb: I definitely agree with the Senate Pro Tempore when he mentioned his proposals on the bill, I am more particularly concerned with the imprisonment provisions of the said bill. I notice that in most of the offenses, the maximum period of imprisonment is only six years. Again, somehow, we can reconsider this during the period of amendments.

Senator Romulo: We will listen for any reasonable amendments to increase the penalty during the period of amendments.

Senator Webb: Thank you, Mr. President.

Senator Ople: Mr. President.

The President: The Gentleman from Bulacan, Senator Ople, is recognized.

Senator Ople: Will the Gentleman from Tarlac, Pangasinan, Manila and Bulacan, yield for a few questions?

Senator Romulo: Willingly, Mr. President, to my distinguished co-provinciano from Bulacan.

Senator Ople: I take it, Mr. President, that this bill had gone through public hearings of the Committee on Ways and Means before it was reported out for deliberations on the Floor. Does the distinguished Gentleman confirm that?

Senator Romulo: Yes, Mr. President. In fact, if I recall right, this bill was also reported out and we passed it in the previous Congress. But we have to refile this bill because it was not brought to completion in the previous Congress.

Senator Ople: I suppose that in the public hearings, the Bureau of Internal Revenue and the Department of Finance were asked for their opinion concerning the increased penalties for tax evasion.

Senator Romulo: That is correct, Mr. President. In fact, not only during the public hearings, but before and after the public hearings, most of those in the field, those involved in the collection of taxes expressed their support, particularly the imposition of imprisonment.

Senator Ople: The intent behind the bill, therefore, is clear that in raising the penalties, the authors and the sponsors hope, together with the finance arm of the government, that violations of the tax laws will be more strongly deterred and that people will be motivated to pay their taxes more than what they are doing at present. Would that be correct, Mr. President?

Senator Romulo: That is correct, Mr. President. In fact, it was brought out during the meeting. It was contained in the sponsorship speech of the distinguished Chairman of the Committee on Ways and Means, that since we do not wish to raise additional tax impositions, the route that we should take is to have a better tax collection efficiency, more collection of existing taxes. Therefore, this would support that thrust to increase the collection of already existing taxes.

Also, Mr. President, in the hearing, it was pointed out that there are many potential tax filers who have not filed their income tax returns. Of course, many of those who have filed have either understated their incomes or overstated their deductions.

So it is hoped that through this bill, it would encourage those who have filed or paid their taxes to pay their taxes, and

those who have cheated on their taxes either by increasing their deductions or understating the income, would give the correct figures.

In fact, Mr. President, in absolute figures, it is felt that a minimum of about P50 billion in taxes are not being collected because the tax collection efficiency is very low.

Senator Ople: And is it the submission of the authors and the sponsors that by increasing the penalties for tax evasion, a great deal of the missing taxes will now materialize?

Senator Romulo: That is our submission, Mr. President. But, of course, we also feel, as pointed out by the President himself in his directive to bag or catch the big fish using these laws, that once a big fish is caught and the penalty is imposed by the judiciary, the tax collection for our government is further increased.

Senator Ople: Did the committee consult the history of the increased penalties--as obviously, over time, Congress has been raising the penalties for tax evasion--and have they determined on the basis of that history, to what extent increasing penalties for tax evasion has, in fact, increased the collection of taxes?

Senator Romulo: Mr. President, the committee took judicial notice of the fact that in other countries where the penalties were stiffer and higher, the tax collection efficiency produced better results.

Senator Ople: Mr. President, did the Committee require the Bureau of Internal Revenue to submit a report on the number of criminal convictions arising from tax evasion over a period of time?

Senator Romulo: Mr. President, we did. There is a report to us on cases of tax evasion, and we have a list here. We have cases won in court. In 1989, there were 92 cases amounting to P79 million; in 1990, there were 85 cases amounting to P58 million; in 1991, there were 42 cases amounting to P211 million, but we felt that there are more taxes.

Senator Ople: As against an estimated collectible of P57 billion, according to the President of the Philippines himself.

Senator Romulo: Mr. President, with the series of tax enhancement measures, it has been reported to us that they should be able to increase the percentage of their tax collection efficiency.

Senator Ople: This seems to be, Mr. President, akin somewhat to the issue of the death penalty where we raise the punishment to death and hope thereby--though Senator Lina refuses to believe this--that this will be a deterrent to criminals.

On the other hand, there are those opposed to the death penalty who say that it is not the severity of the penalty but the likelihood of getting caught that is the real deterrent to offenders and violators of laws. That may not be exactly analogous to this issue.

But does the principal Author, the distinguished Gentleman from Tarlac, Pangasinan, Bulacan and Manila, really believe that if this bill becomes a law that it will strike the sort of terror in the hearts of tax evaders that they will begin to reexamine their lives and comply with the tax laws of the Republic?

Senator Romulo: I believe so, Mr. President. In fact, I believe that potential taxpayers who have not been very religious in their tax obligation, once they are aware and it is made known to them that the concurrent penalty of jail or imprisonment is imposed, that would be a great incentive or encouragement to them to, first, pay their tax; second, to pay the correct tax, which means correct income and correct deductions.

Senator Ople: Since the beginning of time, at least, since 1902 when we adopted the American law on taxation, tax evasion has always been a crime. Has anyone been sent to jail for committing this crime to the best of the Gentleman's recollection?

Senator Romulo: I believe so, Mr. President. I recall the case of Larin who was convicted in the Sandiganbayan. I would have to get from the BIR and the Department of Finance the specific cases where certain taxpayers have been convicted of a crime in accordance with these laws.

But I believe, Mr. President, that with this proposed law, not only will it encourage those who are not very faithful in their tax obligations, but those who are remiss in their obligation that they would suffer the penalties of this proposed law.

Senator Ople: I appreciate the optimism of the principal Author. I am excited by the idea that under the Ramos Administration, there is a clear resolve to look for big fishes who are tax evaders and send them to jail under this bill that we are now deliberating upon.

But I am looking for historical evidence of this result across so many administrations and presidencies to support

this optimism that when we increase the penalties for tax evasion, we can find the big fish to send to jail, Mr. President. Because we have yet to see any evidence of this result up to this time.

Is the distinguished Author of the bill reassuring us that this resolve to send the biggest tax evaders to jail has now come into being because there is a new President and a new administration?

Senator Romulo: That is correct, Mr. President, I have high hopes that this, once passed, this would be the vehicle by which we can finally bag that big fish.

But in addition to that, Mr. President, I feel that apart from those who may have to suffer the penalty under this bill, we would also, very importantly, increase the tax collection efficiency. I hope, and I am confident that if we increase the tax collection efficiency, we would have served the purpose of this bill. I also hope that we would bag that big fish.

Senator Ople: Mr. President, although I support this bill, my concern is, that the professed and declared intent behind it may not be realized precisely because of the dismal record of enforcement of tax laws in our country. By providing for stiffer penalties to be enforced by the Bureau of Internal Revenue, the one thing we can be sure of is that this will strengthen the hand of the enforcing agency. I hope it will not strengthen the capability for blackmail of some of the people in this agency, those that Senator Maceda had earlier referred to as experts in delaying assessments and entering into compromises.

Will not the effect be to strengthen the hand of some of these people in the BIR so that they can intimidate with greater force and terror those that they have singled out for exploitation or for blackmail?

Senator Romulo: Mr. President, I would hope that the Executive Department is prepared for that--the misuse of certain powers. Of course, we are concerned, for instance, about the uniformed police and armed forces of our country being involved in criminal activities themselves, whether it is *jueteng*, whether it is kidnapping and terrorism and particularly, when they are the law enforcement officials and agencies. We are concerned about that. But we hope that this bill, together with the cleanup of the personnel of the government, and in the case of the judiciary through the Judicial and Bar Council, we are able to choose the judges who are men of integrity and competence.

In the case of public officials that through the role of the

Commission on Appointments, and of course, the warning of the President himself, that the days of these scalawags are numbered and that they should be dealt with the full force of the law, I would hope that all of these things converge so that together with the law, we can have law enforcement officials and agents who would enforce the law to its fullest....

Senator Ople: Mr. President, I suppose that it is also the intention of the authors to raise the tax enforcement machinery in the Philippines to such a level of credibility as existing in the United States and Japan where, for example, the prospect of going to prison is a very important deterrent to the commission of tax evasion.

If the Gentleman will recall, in the case of the United States, no less than the President of the United States has had to resign after his own Internal Revenue Service served notice that his tax liabilities and possible tax evasion would be investigated. Rather than risk such an investigation, President Nixon decided to resign.

Does the Gentleman foresee this kind of efficiency and credibility of tax enforcement being brought about in the Philippines by virtue of this bill that he is sponsoring?

Senator Romulo: This bill might help in bringing that about, Mr. President. But I would hope that the pressure of public opinion as well as officialdom would make these officials resign or leave their positions, because obviously, they have become liabilities to public service.

Senator Ople: Is the Gentleman also not afraid that these stiff penalties may be selectively applied in order to single out those identified with political parties and forces that are deemed critical of the administration?

Senator Romulo: Mr. President, for instance, part of that problem if it should occur would be through the courts--the judicial problem. That is why, it is important that we really scrutinize the qualification, the competence and integrity, of the appointees to the courts, among others, to the Judicial and Bar Council as well as the Commission on Appointments when we discuss the appointments of certain high public officials who are involved in the enforcement of these laws.

Perhaps, as Members of the Commission on Appointments, we should really ascertain that these people who are at the helm of the sensitive and important high offices truly live up to their constitutional oath and duties.

Senator Ople: Mr. President, has the Gentleman satisfied himself that there is enough of administrative and legal

distance between the Department of Finance and the highest political authorities such that the enforcement of tax laws will be completely non-partisan?

Senator Romulo: Mr. President, if I am a Member of the Commission on Appointments, I would like to satisfy myself that when these officials go before the Commission on Appointments in the hearing and in the plenary session, they really would satisfy our requirements for impartiality as well as their competence and integrity.

Senator Ople: This is my last question, Mr. President. Will the Gentleman agree to forming some oversight mechanisms so that after one or two years, we will know how to assess the impact, or lack of it, of the implementation of this bill hoping that it will become a law?

Senator Romulo: Mr. President, that is an idea that should definitely be considered at the proper time.

Senator Ople: Thank you very much, Mr. President.

The President: Are there any other interpellations?

Senator Guingona: Mr. President.

The President: The Minority Leader is recognized.

Senator Guingona: I have some questions, Mr. President, but in view of the time, it is already 12:00 noon, may I ask that it be deferred.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 32

Senator Romulo: Mr. President, I move that we suspend consideration of Senate Bill No. 32.

The President: Is there any objection? [Silence] The Chair hears none, the motion is approved.

ADJOURNMENT OF THE SESSION

Senator Romulo: Mr. President, as there are no other matters to be taken up in this morning's session, I move that we adjourn until four o'clock this afternoon.

The President: Is there any objection to this motion? [Silence] There being none, the session this morning is hereby adjourned until four o'clock this afternoon.

It was 12:07 p.m.

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SEC. 10. PENALTIES. - ANY PERSON WHO VIOLATES ANY PROVISION OF THIS ACT SHALL BE PUNISHED BY A FINE NOT EXCEEDING TEN THOUSAND PESOS (P10,000.00) OR IMPRISONMENT OF NOT MORE THAN FIVE (5) YEARS, OR BOTH, AT THE DISCRETION OF THE COURT.

The President: Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Angara: On page 9, line 8, delete the words "six (6) months" and in lieu thereof, insert the words "SIXTY (60) DAYS".

The President: Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Angara: On page 9, lines 14 to 17, Section 13 is amended to read as follows:

SEC. 13. REPEALING CLAUSE. - EXECUTIVE ORDER NO. 492 SERIES OF 1991 IS HEREBY REPEALED. ALL OTHER LAWS, DECREES, RULES, REGULATIONS AND OTHER ADMINISTRATIVE ISSUANCES OR PROVISIONS THEREOF WHICH ARE CONTRARY TO OR INCONSISTENT HERewith ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.

The President: Is there any objection? [*Silence*] The Chair hears none; the amendment is approved.

Senator Angara: This reflects the suggestion of Senator Osmeña, Mr. President.

The President: All right.

Senator Angara: So, in summary, Mr. President, that is the totality of Committee amendments.

The President: The Majority Leader is recognized.

Senator Romulo: Mr. President, I move that we close the period of Committee amendments.

The President: Is there any objection? [*Silence*] There being none, the period of Committee amendments is hereby closed.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension of the session.

The President: The session is suspended if there is no objection. [*There was none.*]

It was 6:33 p.m.

RESUMPTION OF THE SESSION

At 6:33 p.m., the session was resumed.

The President: The session is resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 252

Senator Romulo: Mr. President, I move that we suspend consideration of Senate Bill No. 252 so that a clean copy can be mimeographed and we can take this up again tomorrow.

The President: Embodying all the approved Committee amendments. Is there any objection? [*Silence*] Hearing none, the same is hereby approved.

BILL ON SECOND READING Senate Bill No. 32--Increasing Fines and Penalties for Tax Evasion (Continuation)

Senator Romulo: Mr. President, I ask that we now resume consideration of Senate Bill No. 32 as reported out under Committee Report No. 7.

The President: Resumption of consideration of Senate Bill No. 32 is now in order.

Senator Romulo: Mr. President, we are still in the period of interpellations, but I understand there are no more interpellations.

In view thereof, I ask that we close the period of interpellations.

The President: Is there any objection? [*Silence*] There being none, the period of interpellations is hereby closed.

Senator Romulo: Mr. President, before I ask for the suspension of consideration of Senate Bill No. 32, may I present the substitute bill that we have presented which incorporates the Committee amendments. May I ask that this be considered as the basis for the subsequent amendments.

The President: Is the Majority Leader and principal Author of Senate Bill No. 32 referring to a new copy of this

bill, consisting of five pages, with the notation "Revised as of November 16, 1992?"

Senator Romulo: That is correct, Mr. President. That is now included in the black book, distributed and placed on the desk of each of the Senators since yesterday.

The President: Let the records, therefore, show that copies of the revised version of Senate Bill No. 32 have previously been distributed to the Members of this Body.

SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 32

Senator Romulo: I move, at this point, that we suspend consideration of Senate Bill No. 32 until tomorrow.

The President: Is there any objection to the motion? [Silence] There being none, the motion is approved.

Senator Romulo: Mr. President, may I ask the Secretary to read the Additional Reference of Business.

The President: The Secretary is directed to read the Additional Reference of Business.

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORTS

The Secretary: Committee Report No. 39, submitted jointly by the Committees on Public Information and Mass Media; and Trade and Commerce on Senate Bill No. 578, introduced by Senator Shahani, entitled

AN ACT PROHIBITING A WOMAN BELOW EIGHTEEN (18) YEARS OF AGE FROM DIRECTLY ENGAGING AND/OR BEING USED AS A MODEL FOR ADVERTISEMENT OR PROMOTION OF LIQUOR, INTOXICATING DRINKS AND CIGARETTES AND PROVIDING PENALTIES THEREFOR,

recommending its approval with amendments.

Sponsors: Senators Shahani, Coseteng, and Macapagal-Arroyo

The President: To the Calendar for Ordinary Business.

The Secretary: Committee Report No. 40, submitted by

the Committee on Rules on Proposed Senate Resolution No. 210, introduced by Senators Revilla, Gonzales, Romulo, Guingona Jr., Herrera, Angara, Alvarez, Aquino, Shahani, Macapagal-Arroyo, Coseteng, Rasul, Tatad, Ople, Lina Jr., Webb, Maceda, Osmeña, Tolentino, Biazon, Roco, Tañada, Sotto III, and Mercado, entitled

RESOLUTION CREATING AN AD HOC
COMMITTEE ON CINEMA AFFAIRS,

recommending its adoption without amendment.

Sponsors: Senators Revilla, Gonzales, Romulo, Guingona Jr., Herrera, Angara, Alvarez, Aquino, Shahani, Macapagal-Arroyo, Coseteng, Rasul, Tatad, Ople, Lina Jr., Webb, Maceda, Osmeña, Tolentino, Biazon, Roco, Tañada, Sotto III, and Mercado

The President: To the Calendar for Ordinary Business.

SPECIAL ORDERS

Senator Romulo: Mr. President, I move that we transfer to the Calendar for Special Orders Senate Bill No. 578, under Committee Report No. 39, as just read.

The President: Is there any objection to the motion? [Silence] There being none, the motion is approved.

Senator Romulo: I move also that we transfer to the Calendar for Special Orders Resolution No. 210, under Committee Report No. 40, as just read.

The President: Is there any objection? [Silence] There being none, the motion is approved.

Senator Romulo: Mr. President, in tomorrow's continuation of the session, we shall resume consideration of Senate Bill No. 355, Expanding the Concept of Condominium Act.

We shall take up the *turno en contra*, Mr. President, and Senator Arturo Tolentino will deliver the *turno en contra* speech.

We shall also resume consideration of Senate Bill No. 176, Hazing as a Crime; Senate Bill No. 32, Increasing Fines and Penalties for Tax Evasion; Senate Bill No. 252 on the Book Publishing Industry; Senate Bill No. 929 on the Rent Control Law; and Senate Bill No. 925 on the Municipal Libraries and Barangay Reading Centers. And before we take up the Amnesty Proclamation Nos. 10 and 10-A, Mr. President, the Senators have asked for a caucus tomorrow.

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**BILL ON SECOND READING
Senate Bill No. 32 - Increasing Fines
and Penalties for Tax Evasion
(Continuation)**

Senator Romulo: Mr. President, I ask that we resume consideration of Senate Bill No. 32, just for the Committee amendments.

The President: Resumption of consideration of Senate Bill No. 32 is in now order.

Senator Romulo: We are in the period of Committee amendments, if any, Mr. President. I ask that the distinguished Chairman of the Committee on Ways and Means, Senator Herrera be recognized.

The President: Senator Herrera is recognized.

Senator Herrera: Mr. President, we have no Committee amendments.

Senator Romulo: Mr. President, I therefore move that we close the period of Committee amendments.

The President: Is there any objection? [Silence] There being none, the period of Committee amendments is hereby deemed terminated.

**SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 32**

Senator Romulo: Mr. President, I ask that we suspend consideration of Senate Bill No. 32.

The President: Is there any objection? [Silence] There being none, consideration of Senate Bill No. 32 is hereby suspended.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-

minute suspension of the session.

The President: The session is suspended, if there is no objection. [There was none.]

It was 6:32 p.m.

RESUMPTION OF THE SESSION

At 6:32 p.m., the session was resumed.

The President: The session is resumed.

**MOTION OF SENATOR ROMULO
(Senator Roco as a Member of the Accounts Committee)**

Senator Romulo: Mr. President, for the Committee on Accounts, I ask that we elect Senator Raul Roco as a member of said committee.

The President: Is there any objection to the election of Senator Roco as a member of the Committee on Accounts? [Silence] There being none, the said motion is hereby approved.

Senator Romulo: Mr. President, among others, we shall take up for interpellations Senate Bill No. 925. Senator Rasul will be on the Floor to sponsor this bill tomorrow, Mr. President.

SUSPENSION OF THE SESSION

Since there are no matters to be taken up in this evening's session, Mr. President, I move that we suspend this session until ten o'clock tomorrow morning.

The President: Is there any objection? [Silence] There being none, the session is hereby suspended until ten o'clock tomorrow morning.

It was 6:33 p.m.

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SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension of the session.

The President: The session is suspended, if there is no objection. [*There was none.*]

It was 11:31 a.m.

RESUMPTION OF THE SESSION

At 11:32 a.m., the session was resumed.

The President: The session is resumed.

SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 925

Senator Romulo: Mr. President, in order to give the Members time to prepare their individual amendments, I move that we suspend consideration of Senate Bill No. 925.

The President: Is there any objection? [*Silence*] There being none, further consideration of the bill is hereby suspended.

BILL ON SECOND READING
Senate Bill No. 32--Increasing Fines and
Penalties for Tax Evasion
(Continuation)

Senator Romulo: Mr. President, I move that we now resume consideration of Senate Bill No. 32 as reported out under Committee Report No. 7.

The President: Resumption of consideration of Senate Bill No. 32 is now in order.

Senator Romulo: Mr. President, we are in the period of individual amendments. I ask that the Sponsor, Senator Ernesto Herrera, be recognized.

The President: The distinguished Chairman of the Committee on Ways and Means, Senator Ernesto Herrera, is hereby recognized.

Senator Romulo: Mr. President, I understand there are no individual amendments; therefore, I move that we close the period of individual amendments.

The President: Is there any objection? [*Silence*] There

being none, the period of individual amendments on Senate Bill No. 32 is hereby closed.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension of the session.

The President: The session is suspended, if there is no objection. [*There was none.*]

It was 11:33 a.m.

RESUMPTION OF THE SESSION

After a few seconds, the session was resumed.

The President: The session is resumed.

APPROVAL OF SENATE BILL NO. 32
ON SECOND READING

Senator Romulo: Mr. President, I move that we vote on Senate Bill No. 32 on Second Reading.

The President: We shall now vote on the bill on Second Reading.

As many as are in favor of the bill will please say *Aye*. [*Several Senators: Aye*] As many as are against will please say *Nay*. [*Silence*]

Accordingly, Senate Bill No. 32 is hereby approved on Second Reading.

SPECIAL ORDERS

Senator Romulo: Mr. President, I ask that we now transfer to the Calendar for Special Orders Committee Report No. 41, introduced by Senator Maceda, entitled

RESOLUTION DIRECTING THE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS TO INVESTIGATE, IN AID OF LEGISLATION, THE REPORT THAT THE OVERSEAS WORKERS WELFARE ASSOCIATION (OWWA) HAS PURCHASED AN OLD, DILAPIDATED AND CONDEMNED BUILDING FOR SIXTY-EIGHT MILLION PESOS (P68,000,000.00) WHICH NOBODY HAD WANTED TO BUY EVEN FOR

THIRTY-TWO MILLION PESOS (P32,000,000.00) AND TO RECOMMEND THE APPROPRIATE LEGISLATIVE MEASURES TO PROTECT THE FILIPINO OVERSEAS WORKERS,

The President: Is there any objection? [*Silence*] There being none, the said motion is approved.

Senator Romulo: May I also move that we transfer to the Calendar for Special Orders Senate Bill No. 968 prepared by the Committee with Senators Macapagal-Arroyo, Guingona, Romulo, and Herrera as authors, entitled

AN ACT AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO REQUIRE THE PAYMENT OF THE VALUE ADDED TAX EVERY MONTH AND TO ALLOW LOCAL GOVERNMENT UNITS TO SHARE IN VAT REVENUE, AMENDING FOR THESE PURPOSES SECTIONS 110 AND 282 OF THE NATIONAL INTERNAL REVENUE CODE.

The President: Is there any objection? [*Silence*] There being none, the motion is approved.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may we have a one-minute suspension of the session.

The President: The session is suspended, if there is no objection. [*There was none.*]

It was 11:36 a.m.

RESUMPTION OF THE SESSION

At 11:37 a.m., the session was resumed.

The President: The session is resumed.

ADJOURNMENT OF THE SESSION

Senator Romulo: Mr. President, I move that we adjourn this morning's session until four o'clock this afternoon.

The President: The session is hereby adjourned until four o'clock this afternoon, if there is no objection. [*There was none.*]

It was 11:37 a.m.

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NOT TO BE REPRODUCED FROM THE
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(Sgd.) REP. RALPH G. RECTO

(Sgd.) REP. DOMINADOR N. VENEGAS

(Sgd.) REP. MARGARITO B. TEVES

(Sgd.) REP. RAMON S. BAGATSING, JR.

(Sgd.) REP. PABLO P. GARCIA

BILL ON THIRD READING

Senate Bill No. 929--Rent Control Law

Senator Romulo: Mr. President, I move that we vote on Third Reading on Senate Bill No. 929. Copies of the bill have been distributed to all the Members of the Senate.

The President: Voting on Third Reading on Senate Bill No. 929 is now in order. The Secretary will please read only the title of the bill, if there is no objection. [*There was none.*]

The Secretary: Senate Bill No. 929, entitled

AN ACT FURTHER EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877 ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES", AMENDING THEREBY SECTION ONE OF REPUBLIC ACT NUMBERED SIXTY-EIGHT HUNDRED AND TWENTY-EIGHT.

The President: The Senate will now proceed to vote on the bill. The Secretary will please call the roll.

The Secretary called the roll and the result of the voting was as follows:

YES - 16

- | | |
|-------------------|-------------------|
| Senator Angara | Senator Ople |
| Senator Aquino | Senator Osmeña |
| Senator Biazon | Senator Roco |
| Senator Gonzales | Senator Romulo |
| Senator Guingona | Senator Shahani |
| Senator Macapagal | Senator Sotto |
| Senator Maceda | Senator Tañada |
| Senator Mercado | Senator Tolentino |

NO - 0

ABSTENTION - 0

RESULT OF VOTING

The President: With 16 affirmative votes, no negative vote, and no abstention, Senate Bill No. 929 is hereby approved on Third Reading.

BILL ON THIRD READING

Senate Bill No. 32--Increasing Fines and Penalties for Tax Evasion

Senator Romulo: Mr. President, I move that we vote on Third Reading on Senate Bill No. 32. Copies of the bill were distributed to all the Members of the Senate.

The President: Voting on Third Reading on Senate Bill No. 32 is now in order. The Secretary will please read only the title of the bill, if there is no objection. [*There was none.*]

The Secretary: Senate Bill No. 32, entitled

AN ACT AMENDING CERTAIN SECTIONS OF CHAPTER 2, TITLE X OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

The President: The Senate will now proceed to vote on the bill. The Secretary will please call the roll.

The Secretary called the roll and the result of the voting was as follows:

YES - 16

- | | |
|-------------------|-------------------|
| Senator Angara | Senator Ople |
| Senator Aquino | Senator Osmeña |
| Senator Biazon | Senator Roco |
| Senator Gonzales | Senator Romulo |
| Senator Guingona | Senator Shahani |
| Senator Macapagal | Senator Sotto |
| Senator Maceda | Senator Tañada |
| Senator Mercado | Senator Tolentino |

NO - 0

ABSTENTION - 0

RESULT OF VOTING

The President: With 16 affirmative votes, no negative vote, and no abstention, Senate Bill No. 32 is hereby approved on Third Reading.

CONGRESS OF THE PHILIPPINES
SENATE
RECORDS AND ARCHIVES DIVISION



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CONGRESS OF THE PHILIPPINES
SENATE

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whichever comes earlier.

CONFERENCE COMMITTEE REPORT ON
SENATE BILL NO. 32/HOUSE BILL NO. 2165
(Increasing Fines and Penalties for Tax Evasion)

Senator Romulo: Mr. President, we also have the Conference Committee Report filed here in the Senate on the disagreeing provisions of House Bill No. 2165 and Senate Bill No. 32, both signed and recommended for approval by the Members of the Senate and House panel.

To give the Conference Committee Report, I ask that the distinguished Senator from Bohol, Cebu and Cebu City, Senator Ernesto Herrera, be recognized.

The President: The Chairman of the Committee on Ways and Means, Senator Herrera, is hereby recognized.

SPONSORSHIP SPEECH OF SENATOR HERRERA

Senator Herrera: Thank you, Mr. President.

This Conference Committee Report was also adopted by the Bicameral panel on the same day that we adopted the Conference Committee Report on VAT refinement.

There are two important variations in the Conference Committee Report relative to what was approved by the Senate.

First is that the Senate version does not allow any compromise agreement below 50 percent. In this Conference Committee Report, there is a provision that allows compromise agreements below 50 percent but requires the approval of the Secretary of Finance for such agreements.

That is the variation, Mr. President. We also adopted the provision of the lower House on where to pay the tax. It will be to the accredited banks.

So these are the two changes that we adopted.

The President: Is there a motion for the approval of this Conference Committee Report?

Senator Herrera: I would like to move, Mr. President, that this be adopted.

APPROVAL OF CONFERENCE COMMITTEE REPORT
ON SENATE BILL NO. 32/HOUSE BILL NO. 2165

The President: Is there any comment, any question, any objection? [Silence] There being none, the Conference Committee Report on the disagreeing provisions of House Bill No. 2165 and Senate Bill No. 32, is hereby approved.

APPROVAL OF CONFERENCE COMMITTEE REPORT
ON SENATE BILL NO. 35/HOUSE BILL NO. 1470

Senator Romulo: Mr. President, we also have the Conference Committee Report on the disagreeing provisions of House Bill No. 1470 and Senate Bill No. 35, entitled

AN ACT AUTHORIZING THE COMMISSIONER
OF INTERNAL REVENUE TO PRESCRIBE
THE PLACE FOR PAYMENT OF INTERNAL
REVENUE TAXES BY LARGE TAXPAYERS,
AMENDING FOR THIS PURPOSE CERTAIN
PROVISIONS OF THE NATIONAL
INTERNAL REVENUE CODE, AS
AMENDED.

This Conference Committee has been reconciled and recommended for approval by the Members of the Senate and House panel. To give the report, I ask that the distinguished Chairman of the Committee on Ways and Means, Senator Herrera be recognized.

The President: Senator Herrera is recognized.

RECONSIDERATION OF APPROVAL OF
SENATE BILL NO. 35/HOUSE BILL NO. 1470

Senator Herrera: Mr. President, may I ask for the reconsideration of the first Conference Committee Report that we approved, because what we discussed was the Large Taxpayers Unit.

The President: Is there any objection to a reconsideration of the action taken on the previous question? [Silence] There being none, the same is hereby reconsidered.

SUSPENSION OF THE SESSION

Senator Herrera: May I ask for a one-minute suspension so I may confer with the Majority Leader.

The President: The session is suspended, if there is no objection.

It was 11:07 a.m.

RESUMPTION OF THE SESSION

At 11:08 a.m., the session was resumed.

The President: The session is resumed.

Senator Herrera: I ask, Mr. President, that we first approve House Bill No. 1470 and Senate Bill No. 35, the disagreeing provisions of which have been reconciled in the Conference Committee Report.

Senator Romulo: Mr. President, this refers to "An Act Authorizing the Commissioner of Internal Revenue to Prescribe the Place for Payment of Internal Revenue Taxes by Large Taxpayers, Unit, Amending for this Purpose Certain Provisions of the Internal Revenue Code, as amended."

This Conference Committee Report on House Bill No. 1470 and Senate Bill No. 35, has been reconciled and recommended for approval by the Members of the Senate and House panels. I ask that the distinguished Chairman of the Committee on Ways and Means be recognized to give the conference report.

The President: The Chairman of the Committee on Ways and Means is hereby recognized for this purpose.

Senator Herrera: Thank you, Mr. President.

As I have pointed out earlier, Mr. President, there are only two changes or there are only two important provisions adopted by the Conference Committee which are in variance with the provisions of Senate Bill No. 35. One is, instead of the provision that the Commissioner of the BIR cannot compromise below 50 percent of the final assessment, what was agreed upon is that he can compromise even below 50 percent, provided that there is an approval by the Secretary of Finance.

The other is that payment may be made to the accredited banks.

APPROVAL OF CONFERENCE COMMITTEE REPORT ON HOUSE BILL NO. 1470/SENATE BILL NO. 35

May I move, therefore, Mr. President, for the approval of this Conference Committee Report on the disagreeing provisions of House Bill No. 1470 and Senate Bill No. 35.

The President: Is there any objection? [Silence] Hearing none, the motion is approved.

The following is the full text of the Conference Committee Report:

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of House Bill No. 1470, entitled

AN ACT AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO PRESCRIBE THE PLACE FOR PAYMENT OF INTERNAL REVENUE TAXES BY LARGE TAXPAYERS, AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

and Senate Bill No. 35, entitled

AN ACT FURTHER AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO PRESCRIBE VENUE FOR FILING OF THE RETURNS AND PAYMENT OF TAXES,

has met, and after full and free conference, has come to an agreement, and the conferees hereby recommend to their respective Houses that House Bill No. 1470, in consolidation with Senate Bill No. 35, be approved in accordance with the attached copy of the bill as reconciled and approved by the conferees.

Approved,

CONFEREES ON THE PART OF THE SENATE

(Sgd.) HON. ERNESTO F. HERRERA

(Sgd.) HON. ALBERTO G. ROMULO

(Sgd.) HON. ERNESTO M. MACEDA

(Sgd.) HON. LETICIA RAMOS-SHAHANI

HON. SANTANINA T. RASUL

HON. JOHN H. OSMEÑA

HON. RAUL S. ROCO

HON. FREDDIE N. WEBB

(Sgd.) HON. RODOLFO G. BIAZON

(Sgd.) TEOFISTO T. GUINGONA, JR.

*CONFEREES ON THE PART OF THE
HOUSE OF REPRESENTATIVES*

(Sgd.) HON. EXEQUIEL B. JAVIER

HON. ARNULFO P. FUENTEBELLA

HON. RENATO V. DIAZ

(Sgd.) HON. CATALINO V. FIGUEROA

(Sgd.) HON. ROILO GOLEZ

(Sgd.) HON. MARGARITO TEVES

Ninth Congress of the Philippines)
First Regular session)

AN ACT AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO PRESCRIBE THE PLACE FOR PAYMENT OF INTERNAL REVENUE TAXES BY LARGE TAXPAYERS, AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

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

Section 1. - Paragraph (j) of Section 4 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“(j) The manner in which internal revenue taxes such as income tax INCLUDING WITHHOLDING TAX, estate and [gift] DONOR’S taxes, VALUE-ADDED TAX, OTHER PERCENTAGE TAXES, [specific] EXCISE taxes, [percentage taxes] AND documentary stamp taxes, [mining taxes, taxes on banks, finance companies, public utilities, taxes on amusements, charges on forest products and such other taxes as may be added thereto shall be paid through the collection [agents] OFFICERS of the Bureau of Internal Revenue or through [authorized

agent commercial] DULY ACCREDITED banks which are hereby deputized to receive payments of such taxes and the returns, papers, and statements that may be filed by the taxpayers in connection with the payment of the tax [.] : PROVIDED, HOWEVER, THAT NOTWITHSTANDING THE OTHER PROVISIONS OF THIS CODE PRESCRIBING THE PLACE OF FILING OF RETURNS AND PAYMENT OF TAXES, THE COMMISSIONER MAY BY REGULATIONS REQUIRE THAT THE TAX RETURNS, PAPERS, AND STATEMENTS AND TAXES OF LARGE TAXPAYERS BE FILED AND PAID, RESPECTIVELY, THROUGH COLLECTION OFFICERS OR THROUGH DULY ACCREDITED BANKS: PROVIDED, FURTHER, THAT THE COMMISSIONER CAN EXERCISE THIS POWER WITHIN SIX (6) YEARS FROM THE APPROVAL OF THIS ACT OR THE COMPLETION OF ITS COMPREHENSIVE COMPUTERIZATION PROGRAM, WHICHEVER COMES EARLIER: PROVIDED, FINALLY, THAT SEPARATE VENUES FOR THE LUZON, VISAYAS AND MINDANAO AREAS MAY BE DESIGNATED FOR THE FILING OF TAX RETURNS AND PAYMENT OF TAXES BY SAID LARGE TAXPAYERS.

FOR PURPOSES OF THIS SECTION, ‘LARGE TAXPAYER’ MEANS A TAXPAYER WHO SATISFIES ANY OF THE FOLLOWING CRITERIA:

“(1) VALUE-ADDED TAX (VAT) - BUSINESS ESTABLISHMENT WITH VAT PAID OR PAYABLE OF AT LEAST ONE HUNDRED THOUSAND PESOS FOR ANY QUARTER OF THE PRECEDING TAXABLE YEAR;

“(2) EXCISE TAX - BUSINESS ESTABLISHMENT WITH THE EXCISE TAX PAID OR PAYABLE OF AT LEAST ONE MILLION PESOS FOR THE PRECEDING TAXABLE YEAR;

“(3) CORPORATE INCOME TAX - BUSINESS ESTABLISHMENT WITH ANNUAL INCOME TAX PAID OR PAYABLE OF AT LEAST ONE MILLION PESOS FOR THE PRECEDING TAXABLE YEAR; AND

“(4) WITHHOLDING TAX - BUSINESS ESTABLISHMENT WITH WITHHOLDING TAX

PAYMENT OR REMITTANCE OF AT LEAST ONE MILLION PESOS FOR THE PRECEDING TAXABLE YEAR.

“PROVIDED, HOWEVER, THAT THE SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER OF INTERNAL REVENUE, MAY MODIFY OR ADD TO THE ABOVE CRITERIA FOR DETERMINING A LARGE TAXPAYER AFTER CONSIDERING SUCH FACTORS AS INFLATION, VOLUME OF BUSINESS, WAGE AND EMPLOYMENT LEVELS AND SIMILAR ECONOMIC FACTORS.

“THE PENALTIES PRESCRIBED UNDER SECTION 248 OF THIS CODE SHALL BE IMPOSED ON ANY VIOLATION OF THE REGULATION ISSUED BY THE COMMISSIONER OF INTERNAL REVENUE PRESCRIBING THE PLACE OF FILING OF RETURNS AND PAYMENTS OF TAXES BY LARGE TAXPAYERS.”

SEC. 2. Paragraph (b) of Section 5 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“(b) Receipts for payment made. - It shall be the duty of the Commissioner or his duly authorized representative OR A DULY ACCREDITED BANK to whom any payment of any taxes is made under the provisions of this Code to [issue the person making such payment a receipt] ACKNOWLEDGE THE PAYMENT OF SUCH TAX, expressing the amount [to be] paid and the particular account for which such payment was made IN A FORM AND MANNER PRESCRIBED THEREFOR BY THE COMMISSIONER.”

SEC. 3. Section 204 (1) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“SEC. 204. Authority of the Commissioner to compromise, abate, and refund/credit taxes. - The Commissioner may --

(1) Compromise the payment of any internal revenue tax when --

(a) A reasonable doubt as to the validity of

the claim against the taxpayer exists; or

(b) The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax. PROVIDED, HOWEVER, THAT FINAL ASSESSMENTS ISSUED AGAINST LARGE TAXPAYERS AS DEFINED UNDER SECTION FOUR (4) OF THIS CODE SHALL NOT BE COMPROMISED FOR LESS THAN FIFTY PERCENT (50%). ANY SUCH COMPROMISE INVOLVING SAID TAXPAYERS LOWER THAN FIFTY PERCENT (50%) SHALL BE SUBJECT TO THE APPROVAL OF THE SECRETARY OF FINANCE.”

SEC. 4. The Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 5. All laws, decrees, orders, rules and regulations and other issuances inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 6. Effectivity. - This Act shall take effect upon its approval.

CONFERENCE COMMITTEE ON SENATE BILL NO. 32/HOUSE BILL NO. 2165 (Penalties for Tax Evasion)

Senator Romulo: Mr. President, I ask that we now consider the Conference Committee Report on the disagreeing provisions of House Bill No. 2165, “An Act Increasing Penalties for Tax Evasion, Amending for this Purpose Pertinent Sections of the Internal Revenue Code” with Senate Bill No. 32.

Both panels of the Senate and the House have reconciled and recommended for approval this Conference Committee Report.

May I ask that the distinguished Chairman of the Committee on Ways and Means, Senator Ernesto Herrera, be recognized.

The President: Senator Herrera is recognized.

Senator Herrera: Thank you, Mr. President.

What transpired, Mr. President, during the meeting is that

the Conference Committee adopted the House version on the provisions on penalties. Under the Senate version, there is the phrase "and/or", which means that one either pays the fine or suffers the imprisonment. In the House, a tax evader is liable to both penalties; the fine and the imprisonment. We adopted that. The other provision, Mr. President, is that the penalty also covers erring BIR officials.

These are the only provisions, Mr. President, which we adopted.

**APPROVAL OF CONFERENCE COMMITTEE REPORT
ON HOUSE BILL NO. 2165/SENATE BILL NO. 32**

So I would like to appeal that this Body adopts the Conference Committee Report on the disagreeing provisions of House Bill No. 2165 and Senate Bill No.32.

The President: Is there any comment or any question? [*Silence*] Is there any objection? [*Silence*] The Chair hears none, the Conference Committee Report on the disagreeing provisions of House Bill No. 2165 and Senate Bill No. 32 is hereby approved.

The following is full text of the Conference Committee Report:

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of House Bill No. 2165, entitled

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

and Senate Bill No. 32, entitled

AN ACT AMENDING CERTAIN SECTIONS OF CHAPTER 2, TITLE X OF THE NATIONAL INTERNAL REVENUE CODE AS AMENDED,

has met, and after full and free conference, has come to an agreement, and the conferees hereby recommend to their respective Houses that House Bill No. 2165, in consolidation with Senate Bill No. 32, be approved by the conferees.

Approved,

**CONFEREES ON THE OF THE
SENATE**

(Sgd.) HON. ERNESTO F. HERRERA

(Sgd.) ALBERTO G. ROMULO

(Sgd.) HON. ERNESTO M. MACEDA

(Sgd.) HON. LETICIA RAMOS-SHAHANI

(Sgd.) HON. SANTANINA T. RASUL

(Sgd.) HON. JOHN H. OSMENA

(Sgd.) HON. RAUL S. ROCO

HON. FREDDIE N. WEBB

(Sgd.) HON. RODOLFO G. BIAZON

(Sgd.) HON. TEOFISTO T. GUINGONA, JR.

**CONFEREES ON THE PART OF THE
HOUSE OF REPRESENTATIVES**

(Sgd.) HON. EXEQUIEL B. JAVIER

(Sgd.) HON. RENATO V. DIAZ

(Sgd.) HON. CATALINO V. FIGUEROA

HON. ARNULFO P. FUENTEBELLA

(Sgd.) ROILO GOLEZ

(Sgd.) HON. MARGARITO B. TEVES

Ninth Congress of the Philippines)
First Regular Session)

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:

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 [more] LESS than [ten] THIRTY thousand pesos [or imprisoned for not more than two years, or both] 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 [Three thousand pesos or imprisoned for not more than one year, or both] 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 for not less than [Ten thousand pesos but not more than One hundred thousand pesos] 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 [Ten thousand pesos but not more than Fifty thousand pesos or by imprisonment of not less than four years and one day but not more than six years, or both] 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 [One thousand pesos but not more than Five thousand pesos or imprisoned for not less than one month but not more than six months, or both:] 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 for not less than [Five thousand pesos but not more than Twenty-five thousand pesos or imprisoned for a term of not less than six months but not more than three years, or both] 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 for not less than [Five thousand pesos nor more than Twenty-five thousand pesos, or imprisoned for not less than six months but not more than three years, or both] 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 hundred pesos nor more than Five hundred] ONE THOUSAND PESOS and SUFFER imprisonment of not less than [fifteen days nor more than thirty] 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 [Five hundred] ONE THOUSAND pesos.

“(2) A fine of not less than [One thousand pesos nor more than Five] TEN thousand pesos BUT NOT MORE THAN TWENTY THOUSAND PESOS and SUFFER imprisonment of not less than [six months and one day nor more than four] 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 [Five hundred] ONE THOUSAND pesos but does not exceed Fifty thousand pesos.

“(3) A fine of not less than [Ten thousand pesos nor more than Twenty-five] THIRTY thousand pesos BUT NOT MORE THAN SIXTY THOUSAND PESOS and SUFFER imprisonment of not less than [four years and one day nor more than eight] 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 taxes and duties, of the articles is more than Fifty thousand pesos but does not exceed One hundred fifty thousand pesos.

“(4) A fine of not less than [Twenty thousand pesos nor more than] Fifty thousand pesos BUT NOT MORE THAN ONE HUNDRED THOUSAND PESOS and SUFFER imprisonment of not less than [ten years and one day nor more than fourteen] 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 taxes and duties, 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 [nor more than Ten thousand pesos) and SUFFER imprisonment of [from six months and one day to four] 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, [nor more than One hundred thousand pesos] and SUFFER imprisonment of not less than [six months and one day but not more than six years] 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 [or imprisoned for a term of not less than six months and one day but not more than two years, or both] 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 more than Ten thousand pesos or imprisoned for not more than five years, or both] 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 day for printing or making stamps, labels, tags or playing cards.

“(2) Erases the cancellation marks of any stamps 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.

“(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 [One thousand pesos or imprisoned for not more than one year, or both] 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 [in a sum] of not less than [Five thousand pesos but not more than] Fifty thousand pesos, [or imprisoned for a term of not less than one year but not more than ten years, or both] 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. Congressional Oversight Committee. - There is hereby created a Congressional Oversight Committee com-

posed 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 (2) years after 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.

CONFERENCE COMMITTEE REPORT
ON HOUSE BILL NO. 3192
(General Appropriations Bill)

Senator Romulo: Mr. President, I move that we now consider the Conference Committee Report on the disagreeing provisions of both the Senate and House versions on House Bill No. 3192, "AN ACT APPROPRIATING FUNDS FOR THE OPERATIONS OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY 1 TO DECEMBER 31, 1993 AND FOR OTHER PURPOSES."

This Conference Committee Report, Mr. President, has been recommended for approval by the Members of the Senate and House panels.

To give the Conference Committee Report, I ask that the distinguished Chairman of the Committee on Finance, Senator Edgardo Angara, be recognized.

The President: Senator Edgardo Angara, Chairman of the Committee on Finance, is hereby recognized for the purpose indicated.

SPONSORSHIP SPEECH OF SENATOR ANGARA

Senator Angara: Thank you, Mr. President.

Your Committee on Finance is pleased to submit for approval and ratification the Bicameral Committee Report. But before I submit it for ratification, let me briefly outline what we believe are the highlights of this 1993 National Budget:

1. The 1993 National Budget, amounting to P310.2 billion, as approved by the Bicameral Committee, gives the government a better than fair chance to restart growth in the economy. We have persuaded President Ramos to revise his original budget to make it a little more flexible so we can use it for economic recovery and sustainable growth. As a result, the proposed outlay for debt service was reduced by P26.5 billion while spending for physical infrastructure and social services was increased by P6.5 billion.

2. The Committee increased the budget for infrastructure like roads, bridges, airports, and other productivity-enhancing projects like irrigation, farm-to-market roads and post-harvest facilities.

3. The Committee recognized the important contribution of our overseas contract workers in keeping the Philippine economy afloat. Thus, the Bicameral Conference Committee supported the Senate recommendation to increase the allocation for activities that will directly benefit overseas workers by increasing the Labor Department's budget by P114 million.

4. We are recommending a higher budget for education and health. Public investment in both will assure the Philippine economy of a world-class manpower now and in the future. It will also assure an educated and productive citizenry.

5. We propose in this budget a P500 adjustment a month for teachers effective May 1, 1993. Soldiers and policemen will also benefit from this adjustment allowance. The plan is to integrate this adjustment in the basic pay by 1995. Some 700,000 government workers will benefit from this program. The Committee is very much concerned about the plight of the other government workers. Unfortunately, the limited financial resources do not allow us to meet the requirement for a wider salary increase at the moment.

Nevertheless, on the part of the Senate, we have initiated a study on the structure and financing requirements of a higher pay plan for all government workers, accompanied by a program of reducing the size of the public sector work force so that by 1995, every single member of the civilian and military establishment would have received a general salary adjustment.

6. We propose a programmed implementation of the Magna Carta for Health Workers.

7. We propose other benefits to teachers such as the additional special hardship pay for teachers. In addition, in order to upgrade the knowledge and skills of faculty and staff