AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 110, 113, 114, 128, 200,
236, 237, 238, 245, and 264, AND ADDING SECTIONS 291 AND 292 OF
REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS “THE NATIONAL
INTERNAL REVENUE CODE OF 1997”, AS AMENDED

EXPLANATORY NOTE

THE EASE OF PAYING TAXES ACT

Red tape experienced by taxpayers undermines the social contract between the citizen and the
state. When citizens perform their patriotic duty to pay correct taxes and ensure the flow of the
lifeblood of the government, the least the state can do is to ease the process of doing so.

The benefits of high taxpayer morale cannot be understated. When people are invested in their
government, a “sense of nation” is embedded, and faith in the government is secured. Unfortunately, the Philippine tax administration system is convoluted and demoralizing to the taxpayers.

First, voluntarily filing and paying one’s taxes is unnecessarily cumbersome. The Tax Reform
for Acceleration and Inclusion (TRAIN) Law in 2017 reduced the gap between self-employed
professionals (SEP) and wage earners, as total collections from SEPs grew from 15% to 40% in 2019. However, the gap in voluntary payment persists as collection from such accounts for
only 4% to 5% of total individual tax collections.

Recognizing the varying ability of taxpayers to settle their tax obligations, this bill
institutionalizes streamlined procedures for smaller taxpayers; introduces a medium taxpayer’s
classification; and enables the Bureau of Internal Revenue (BIR) to implement a compliance
strategy, matching risks to revenue and costs to both taxpayers and tax administration.

Second, the efficiencies of digitalization have yet to be maximized in the tax system, a must
for an increasingly mobile population. Antiquated practices and procedures persist such as the
“pay as you file” system; venue-restricted filing and payment; and dual standards in
recognizing value-added tax (VAT) transactions. This bill modernizes tax administration by
integrating portability of transactions and enabling the adoption of future innovations aimed at improving taxpayer experience.

Third, the tax system is vulnerable to exploitation and leakages. Non-disclosure coupled with aggressive tax avoidance schemes by high income individuals and entities is pervasive while the majority is burdened with labyrinthine filing and payment procedures. This bill addresses serious issues in tax compliance as it enshrines taxpayer rights as the guiding principle in formulating and implementing tax policies and regulations.

The pandemic-induced deficit is forecast to reach 9.6% of gross domestic product (GDP) in 2020 and 8.5% in 2021. Boosting collections through improved compliance will allow government to close the fiscal deficit without overburdening taxpayers already beleaguered by the pandemic.

In summary, this bill aims to improve tax compliance through the following:
1. Simplifying compliance procedures by segmenting taxpayers and tailoring processes;
2. Enhancing the portability of tax transactions; and
3. Legislating a Taxpayer’s Bill of Rights and creating a Taxpayers’ Advocate Office.

The passage of this bill is earnestly sought and urgently needed.

JOEY SARTE SALCEDA
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7881

Introduced by REP. JOEY SARTE SALCEDA

AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 110, 113, 114, 128, 200,
236, 237, 238, 245, and 264, AND ADDING SECTIONS 291 AND 292 OF
REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS "THE NATIONAL
INTERNAL REVENUE CODE OF 1997", AS AMENDED

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

SECTION 1. Title. — This Act shall be known as the "Ease of Paying Taxes Act."

SEC. 2. Declaration of Policy. — It is hereby declared the policy of the State:
(1) To provide a healthy environment for the tax paying public that protects and
safeguards taxpayer rights and welfare, as well as assures the fair treatment of all taxpayers;
(2) To modernize tax administration and improve its efficiency and effectiveness by
providing mechanisms that encourage proper and easy compliance at the least cost and
resources possible;
(3) To update the taxation system, adopt best practices, and replace antiquated
procedures such as requiring the filing of a return or declaration for the payment of taxes or the
"pay as you file" system and restriction of venue for filing and payment; and
(4) To enact policies and procedures which are appropriate to different types of
taxpayers.

SEC. 3. Section 21 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 21. Sources of Revenue AND CLASSIFICATION OF
TAXPAYERS. [—]
(A) The following taxes, fees and charges are deemed to be national
internal revenue taxes:
"(a) Income tax;
"(b) Estate and donor's taxes;
"(c) Value-added tax;
"(d) Other percentage taxes;
"(e) Excise taxes;
"(f) Documentary stamp taxes; and
"(g) Such other taxes as are or hereafter may be imposed and
collected by the Bureau of Internal Revenue.

"(B) CLASSIFICATION OF TAXPAYERS – FOR PURPOSES OF
RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF
FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER,
SHALL ESTABLISH A REASONABLE CRITERIA FOR
CLASSIFYING TAXPAYERS, TAKING INTO CONSIDERATION
THEIR CAPACITY TO COMPLY WITH TAX RULES AND
REGULATIONS, THE AMOUNT AND TYPE OF TAX PAID, THE
GROSS SALES AND/OR RECEIPTS OF THE TAXPAYER, AS WELL
AS, INFLATION, VOLUME OF BUSINESS, WAGE AND
EMPLOYMENT LEVELS, AND SIMILAR ECONOMIC FACTORS.

"PROVIDED, THAT THE SECRETARY OF FINANCE
PROVIDES A CLASSIFICATION FOR LARGE AND MEDIUM
TAXPAYERS AND INTRODUCE ADDITIONAL CLASSIFICATIONS
OF TAXPAYERS AS MAY BE DEEMED NECESSARY TO ACHIEVE
BETTER SERVICE AND TAX ADMINISTRATION.

"PROVIDED, FURTHER, THAT FOR EVERY
CLASSIFICATION OF TAXPAYERS, THE BUREAU OF INTERNAL
REVENUE SHALL PROVIDE FOR A SPECIAL UNIT TO
SPECIFICALLY CATER TO THE NEEDS OF TAXPAYERS UNDER
SUCH CLASSIFICATION.

"PROVIDED, FINALLY, THAT, FOR EASE OF COMPLIANCE
TO TAX RULES AND REGULATIONS, SIMPLIFIED TAX RETURNS
AND PROCESSES SHALL BE IMPLEMENTED FOR TAXPAYERS
NOT CLASSIFIED AS MEDIUM OR LARGE."

SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 22. Definitions. — When used in this Title:

XXX

(II) THE TERM "FILING OF RETURN" SHALL REFER TO
THE ACT OF ACCOMPLISHING THE PRESCRIBED TAX RETURN
AND SUBMITTING THE RETURN TO THE BUREAU OF INTERNAL
REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
UNDER EXISTING RULES AND REGULATIONS.

(JJ) THE TERM "PAYMENT OF TAX" OR "REMITTANCE OF
TAX" SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT
OF TAX DUE OR WITHHELD TO THE BUREAU OF INTERNAL
REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
UNDER EXISTING RULES AND REGULATIONS."

SEC. 5. Section 51 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 51. Individual Return. —

XXX

(B) Where to File. - Except in cases where the Commissioner otherwise
permits, the return shall be filed with an authorized agent bank, Revenue
District Officer, OR Collection Agent [or duly authorized Treasurer of the city or municipality in which such person has his legal residence or principal place of business in the Philippines, or if there be no legal residence or place of business in the Philippines, with the Office of the Commissioner]."

SEC. 6. Section 56 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 56. Payment and Assessment of Income Tax for Individuals and Corporations. –
(A) Payment of Tax. –
In General. – The total amount of tax imposed by this Title shall be paid by the person subject thereto [at the time] ON OR BEFORE the FILING OF THE return is DUE. In the case of tramp vessels, the shipping agents and/or the husbanding agents, and in their absence, the captains thereof are required to file the return herein provided and pay the tax due thereon before their departure. Upon failure of the said agents or captains to file the return and pay the tax, the Bureau of Customs is hereby authorized to hold the vessel and prevent its departure until proof of payment of the tax is presented or a sufficient bond is filed to answer for the tax due."

SEC. 7. Section 58 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 58. Returns and Payment of Taxes Withheld at Source. –
Quarterly Returns and Payments of Taxes Withheld. – Taxes deducted and withheld under Section 57 by withholding agents shall be covered by a return and paid to, except in cases where the Commissioner otherwise permits, an authorized agent bank, Revenue District Officer, OR Collection Agent [), or duly authorized Treasurer of the city or municipality where the withholding agent has his legal residence or principal place of business, or where the withholding agent is a corporation, where the principal office is located]."

SEC. 8. Section 77 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 77. Place and Time of Filing and Payment of Quarterly Corporate Income Tax. –
(A) Place of Filing. – Except as the Commissioner otherwise permits, the quarterly income tax declaration required in Section 75 and the final adjustment return required in Section 76 shall be filed with the authorized agent banks or Revenue District Officer or Collection Agent [or duly authorized Treasurer of the city or municipality having jurisdiction over the location of the principal office of the corporation filing the return or place where its main books of accounts and other data from which the return is prepared are kept].
(B) Time of Filing the Income Tax Return. – The corporate quarterly declaration shall be filed within sixty (60) days following the close of each of the first three (3) quarters of the taxable year. The final adjustment return shall be filed on or before the fifteenth (15th) day of April, or on or before the
fifteenth (15th) day of the fourth (4th) month following the close of the fiscal
year, as the case may be.

(C) Time of Payment of the Income Tax. — The income tax due on the
Corporate quarterly returns and the final adjustment income tax returns
computed in accordance with Sections 75 and 76 shall be paid [at the time]
ON OR BEFORE THE FILING OF the declaration or return IS DUE in a
manner prescribed by the Commissioner.”

SEC. 9. Section 81 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 81. Filing of Return and Payment of Taxes Withheld. — Except
as the Commissioner otherwise permits, taxes deducted and withheld by the
employer on wages of employees shall be covered by a return and paid to an
authorized agent bank[,] OR Collection Agent [,] or the duly authorized
Treasurer of the city or municipality where the employer has his legal residence
or principal place of business, or in case the employer is a corporation, where
the principal office is located].”

SEC. 10. Section 90 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 90. Estate Tax Returns. —
(D) Place of Filing. — Except in cases where the Commissioner
otherwise permits, the return required under Subsection (A) shall be filed with
an authorized agent bank, or Revenue District Officer, OR Collection Officer
[, or duly authorized Treasurer of the city or municipality in which the decedent
was domiciled at the time of his death or if there be no legal residence in the
Philippines, with the Office of the Commissioner].”

SEC. 11. Section 91 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 91. Payment of Tax. —
(A) Time of Payment. — The estate tax imposed by Section 84 shall be
paid [at the time] ON OR BEFORE the return is filed by the executor,
administrator or the heirs.”

SEC. 12. Section 103 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 103. Filing of Return and Payment of Tax. —
(A) Requirements. — Any individual who makes any transfer by gift
(except those which, under Section 101, are exempt from the tax provided for
in this Chapter) shall, for the purpose of the said tax, make a return under oath
in duplicate. The return shall set forth:

(1) Each gift made during the calendar year which is to be included
in computing net gifts;
(2) The deductions claimed and allowable;
(3) Any previous net gifts made during the same calendar year;
(4) The name of the donee; and
(5) Such further information as may be required by rules and
regulations made pursuant to law.

(B) **Time and Place of Filing and Payment.** – The return of the donor
required in this Section shall be filed within thirty (30) days after the date the
gift is made and the tax due thereon shall be paid [at the] **ON OR BEFORE**
THE FILING OF THE DECLARATION OR RETURN IS DUE IN A
MANNER PRESCRIBED BY THE COMMISSIONER [time of filing].
Except in cases where the Commissioner otherwise permits, the return shall be
filed and the tax paid to an authorized agent bank, [the] Revenue District
Officer, OR Revenue Collection Officer [or duly authorized Treasurer of the
city or municipality where the donor was domiciled at the time of the transfer,
or if there be no legal residence in the Philippines, with the Office of the
Commissioner]. In the case of gifts made by a nonresident, the return may be
filed with the Philippine Embassy or Consulate in the country where he is
domiciled at the time of the transfer, or directly with the Office of the
Commissioner.”

SEC. 13. Section 106 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 106 (D). Sales Returns, Allowances and Sales Discounts. – The
value of goods or properties sold and subsequently returned or for which
allowances were granted by a VAT-registered person may be deducted from the
gross sales [or receipts] for the quarter in which a refund is made or a credit
memorandum or refund is issued. [Sales discount granted and indicated in the
invoice at the time of sale and the grant of which does not depend upon the
happening of a future event may be excluded from the gross sales within the
same quarter it was given.]”

SEC. 14. Section 108 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 108. Value-added Tax on Sale of Services and Use or Lease of
Properties. –

(A) **Rate and Base of Tax.** – There shall be levied, assessed and
collected, a value-added tax equivalent to twelve percent (12%) of gross
[receipts] SALES derived from the sale or exchange of services, including the
use or lease of properties.”

SEC. 15. Section 110 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 110. Tax Credits. –

(A) **Creditable Input Tax.** –

(1) Any input tax evidenced by a VAT invoice [or official receipt] issued in
accordance with Section 113 hereof on the following transactions shall be
creditable against the output tax:

(a) Purchase or importation of goods:

(i) For sale; or
(ii) For conversion into or intended to form part of a finished product
for sale including packaging materials; or
(iii) For use as supplies in the course of business; or
(iv) For use as materials supplied in the sale of service; or
(v) For use in trade or business for which deduction for depreciation
or amortization is allowed under this Code.
(b) Purchase of services [on which a value-added tax has been actually
paid].”

SEC. 16. Section 113 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 113. Invoicing and Accounting Requirements for VAT-
Registered Persons. —
(A) Invoicing Requirements. — A VAT-registered person shall issue:
(1) A VAT invoice for every sale, barter or exchange of goods or
properties, [; and
(2) A VAT official receipt for every lease of goods or properties,
and for every sale, barter or exchange of services.”

SEC. 17. Section 114 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 114. Return and Payment of Value-Added Tax. —
(B) Where to File the Return and Pay the Tax. — Except as the
Commissioner otherwise permits, the return shall be filed with and the tax paid
to an authorized agent bank, OR Revenue Collection Officer [or duly
authorized city or municipal Treasurer in the Philippines located within the
revenue district where the taxpayer is registered or required to register].”

SEC. 18. Section 128 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 128. Returns and Payment of Percentage Taxes. —
(B) Where to File. — Except as the Commissioner otherwise permits,
every person liable to the percentage tax under this Title [may, at his option.]
shall file a [separate return for each branch or place of business, or] a
consolidated return for all branches or places of business with [the] AN
authorized agent bank, Revenue District Officer, OR Collection Agent [or duly
authorized Treasurer of the city or municipality where said business or principal
place of business is located, as the case may be].”

SEC. 19. Section 200 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 200. Payment of Documentary Stamp Tax. —
(C) Where to File. — Except in cases where the Commissioner
otherwise permits, the aforesaid tax return shall be filed with and the tax due
shall be paid through the authorized agent bank [within the territorial
jurisdiction of the Revenue District Office which has jurisdiction over the

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residence or principal place of business of the taxpayer]. In places where there is no authorized agent bank, the return shall be filed with [the] A Revenue District Officer[,] OR collection agent [, or duly authorized Treasurer of the city or municipality in which the taxpayer has his legal residence or principal place of business].”

SEC. 20. Section 236 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 236. Registration Requirements. –
(A) Requirements. – Every person subject to any internal revenue tax shall register once with the appropriate Revenue District Officer:
1. Within ten (10) days from date of employment, or
2. On or before the commencement of business, or
3. Before payment of any tax due, or
4. Upon filing of a return, statement or declaration as required in this Code.

The registration shall contain the taxpayer’s name, [style.] place of residence, business, and such other information as may be required by the Commissioner in the form prescribed therefor: PROVIDED, FURTHER, THAT THE COMMISSIONER SHALL ENSURE REGISTRATION FACILITIES WOULD BE AVAILABLE TO TAXPAYERS WHO ARE NOT RESIDING IN THE COUNTRY. Provided, FINALLY, That the Commissioner shall simplify the business registration and tax compliance requirements of self-employed individuals and/or professionals.

A person maintaining a head office, branch or facility shall register with the Revenue District Officer having jurisdiction over the head office, branch or facility. For purposes of this Section, the term ‘facility’ may include but not be limited to sales outlets, places of production, warehouses or storage places.

(B) Annual Registration Fee. – An annual registration fee in the amount of Five hundred pesos (PhP500) for every separate or distinct establishment or place of business, including facility types where sales transactions occur, shall be paid upon registration and every year thereafter on or before the last day of January: Provided, however, That cooperatives, individuals earning purely compensation income, whether locally or abroad, and overseas workers are not liable to the registration fee herein imposed.

The registration fee shall be paid to an authorized agent bank located within the revenue district, or to the Revenue Collection Officer, or duly authorized Treasurer of the city or municipality where each place of business or branch is registered.]

[(C)] (B) Registration of Each Type of Internal Revenue Tax. – xxx
[(D)] (C) Transfer of Registration. – xxx
[(E)] (D) Other Updates. – xxx
[(F)] (E) Cancellation of Registration. – xxx

(1) General Rule. – The registration of any person who ceases to be liable to a tax type shall be cancelled upon MERE filing with the Revenue District Office where he is registered, an application for registration information update in a form prescribed therefor; [] HOWEVER, THIS WOULD NOT PRECLUDE THE REVENUE DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN ORDER TO DETERMINE ANY
TAX LIABILITY: PROVIDED, THAT THE DECISION TO CONDUCT
AN THE AUDIT IS BASED ON RISK ASSESSMENT EVALUATION.

(2) Cancellation of Value-Added Tax Registration. — xxx

[(G) (F) Persons Required to Register for Value-Added Tax. — xxx

[(H)] (G) Optional Registration for Value-Added Tax of Exempt

Person. — xxx

[(I)] (H) Supplying of Taxpayer Identification Number (TIN). — xxx”

SEC. 21. Section 237 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. —

(A) Issuance. — All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (PhP100) or more, issue [dually registered] receipts or sale or commercial invoices, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, [business style,] if any, and address of the purchaser, customer or client: Provided, further, That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser.”

SEC. 22. Section 238 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“SEC. 238. Printing of Receipts or Sales or Commercial Invoices. —

All persons who are engaged in business OR PRACTICE OF A PROFESSION ARE REQUIRED [shall secure from the Bureau of Internal Revenue an authority] to print receipts or sales or commercial invoices [before a printer can print the same] WITHOUT THE NEED OF SECURING AN AUTHORITY TO PRINT FROM THE BUREAU OF INTERNAL REVENUE.

[No authority to print receipts or sales or commercial invoices shall be granted unless the r] Receipts or invoices to be printed [are] SHOULD BE serially numbered and shall show, among other things, the name, [business style,] Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

[All persons who print receipt or sales or commercial invoices shall maintain a logbook/register of taxpayers who availed of their printing services. The logbook/register shall contain the following information:]

[(1) Names, Taxpayer Identification Numbers of the persons or entities for whom the receipts or sales or commercial invoices were printed; and

(2) Number of booklets, number of sets per booklet, number of copies per set and the serial numbers of the receipts or invoices in each booklet.]”
SEC. 23. Section 245 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 245. Specific Provisions to be Contained in Rules and Regulations. — The rules and regulations of the Bureau of Internal Revenue shall, among other things, contain provisions specifying, prescribing or defining:

X X X

(j) The manner in which internal revenue taxes, such as income tax, including withholding tax, estate and donor's taxes, value-added tax, other percentage taxes, excise taxes and documentary stamp taxes shall be paid through the collection officers of the Bureau of Internal Revenue or through duly authorized agent 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 rules and regulations, require that the tax returns, papers and statements and taxes of MEDIUM AND large taxpayers be filed and paid, respectively, through collection officers or through duly authorized agent banks. THE TAXPAYER'S RIGHT TO HAVE THE COST OF COMPLIANCE RESPECTED WHENEVER TAX RULES ARE PREPARED AND ENFORCED SHALL BE CONSIDERED WHENEVER THE COMMISSIONER PRESCRIBES NEW RULES ON FILING OF RETURNS AND PAYMENT OF TAXES. [Provided, further, That the Commissioner can exercise this power within six (6) years from the approval of Republic Act No. 7646 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 MEDIUM AND 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 (PhP100,000) for any quarter of the preceding taxable year;

"(2) Excise Tax — Business establishment with excise tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year;

"(3) Corporate Income Tax — Business establishment with annual income tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year; and

"(4) Withholding Tax — Business establishment with withholding tax payment or remittance of at least One million pesos (PhP1,000,000) for the preceding taxable year.

Provided, however, that the Secretary of Finance, upon recommendation of the Commissioner, 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 rules and regulations issued by the Secretary of Finance,
upon recommendation of the Commissioner, prescribing the place of filing of
returns and payments of taxes by large AND MEDIUM taxpayers."

SEC. 24. Section 247 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 247. General Provisions. –
(a) xxx
(b) xxx
(c) xxx
(D) FOR TAXPAYERS NOT CLASSIFIED AS MEDIUM OR
LARGE, ALL FEES, CHARGES OR OTHER PENALTIES IMPOSED
UNDER THIS TITLE SHALL NOT BE IMPOSED FOR THE FIRST
VIOLATION. FOR THE SECOND (2ND) VIOLATION OF THE SAME
OFFENSE, A REDUCED RATE EQUIVALENT TO FIFTY PERCENT
(50%) SHALL BE IMPOSED. FOR THE THIRD (3RD) VIOLATION OF
THE SAME OFFENSE, THE FULL RATE SHALL BE IMPOSED."

SEC. 25. Section 264 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 264. Failure or Refusal to Issue Receipts or Sales or
Commercial Invoices, Violations Related to the Printing of such Receipts or
Invoices and Other Violations. –
(a) Any person who, being required under Section 237 to issue
receipts or sales or commercial invoices, fails or refuses to issue such receipts
of 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
punished by a fine of not less than One thousand pesos (PhP1,000) but not
more than Fifty thousand pesos (PhP50,000) and suffer imprisonment of not
less than two (2) years but not more than four (4) years.
(b) Any person who commits any of the acts enumerated hereunder
shall be penalized with a fine of not less than Five hundred thousand pesos
(PhP500,000) but not more than Ten million pesos (PhP10,000,000), and
imprisonment of not less than six (6) years but not more than ten (10) years:
[(1) Printing of receipts or sales or commercial invoices without authority from
the Bureau of Internal Revenue; or]
[(2)] [(1) Printing of double or multiple sets of invoices or receipts;
[(3)] (2) Printing of unnumbered receipts or sales or commercial invoices, not
bearing the name, [business style:] Taxpayer Identification Number, and
business address of the person or entity; or
[(4)] (3) Printing of other fraudulent receipts or sales or commercial invoices."

SEC. 26. A new Title XIII shall be added in the National Internal Revenue Code of
1997, as amended, to read as follows:

"TITLE XIII"
“RIGHTS OF TAXPAYERS AND TAXPAYER’S ADVOCATE OFFICE

“SEC. 291. Taxpayer’s Bill of Rights – In addition to the rights and remedies of the taxpayer provided for in the National Internal Revenue Code of 1997, as amended, the taxpayer shall have the following rights:
1. To pay no more than the correct amount of tax
2. To a fair and impartial appeal
3. To timely and easy to understand information
4. To quality tax education and service
5. To the consistent and transparent application of the law
6. To have the cost of compliance respected whenever tax rules are prepared and enforced
7. To privacy and confidentiality of information, unless authorized by the taxpayer or by law
8. To speedy disposition of cases, assessments, audits, investigation and other similar actions.
9. To finality of tax cases, including, but not limited to, agreement on the amount of tax due.
10. To be protected and seek redress against malicious, excessive and wrongful assessments.”

“SEC. 292. Taxpayer’s Advocate Office. – The office of the Tax Advocate is hereby created under the supervision and control of the Department of Finance and independent from the Bureau of Internal Revenue. Its powers and duties shall include:
1. Ensure that the rights of the taxpayers are protected and provide assistance to the taxpayers in relation thereto.
2. Identify systemic problems within the Bureau of Internal Revenue which hampers efficient and fair tax administration and propose changes therein to mitigate identified problems, whether administrative or legislative in nature.
3. Report directly to the Commissioner of Internal Revenue outputs and outcomes that result from the execution of its duties, and coordinate its other functions such as, but not limited to, the development and implementation of programs that will help educate taxpayers and effectively disseminate the Taxpayer’s Bill of Rights.
4. Perform such other functions as may be provided by law or required by the Secretary of Finance.”

SEC. 27. Separability Clause. – If any provision of this Act is declared unconstitutional, the remaining parts or provision not affected thereby shall remain in full force and effect.

SEC. 28. Repealing Clause. – All laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are deemed repealed, amended or modified accordingly.

SEC. 29. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.
Approved,