COMMITTEE REPORT NO. 933

Submitted by the Committees on Ways and Means and Appropriations on May 5, 2021

Re: House Bill No. 9306

Recommending its approval in substitution of House Bill Numbered 883

Sponsors: Representatives Joey Sarte Salceda, Manuel DG. Cabochan III, Kristine Singson-Meehan, and Eric Go Yap

Mr. Speaker:

The Committees on Ways and Means and Appropriations to which was referred House Bill No. 883, introduced by Rep. Manuel DG. Cabochan III, entitled:


have considered the same and recommend that the attached House Bill No. 9306, entitled:

“AN ACT PROVIDING FOR A COMPREHENSIVE AND RATIONALIZED GRANT OF REWARDS TO INFORMERS FOR THE DISCOVERY OF VIOLATIONS OF INTERNAL REVENUE AND CUSTOMS LAWS”


Respectfully submitted,

REP. ERIC GO YAP  
Chairperson  
Committee on Appropriations

REP. JOEY SARTE SALCEDA  
Chairperson  
Committee on Ways and Means

THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY
Republic of the Philippines

HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9306

(in substitution of House Bill Number 883)


AN ACT
PROVIDING FOR A COMPREHENSIVE AND RATIONALIZED GRANT OF REWARDS TO INFORMERS FOR THE DISCOVERY OF VIOLATIONS OF INTERNAL REVENUE AND CUSTOMS LAWS

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:
SECTION 1. Informer’s Reward for the Discovery of Violations of the National Internal Revenue Code. – Any person, except an internal revenue official or employee, or any public official or employee or said official’s or employee’s relative within the third degree of consanguinity or affinity, who voluntarily gives definite and sworn information, not yet in the possession of the Bureau of Internal Revenue (BIR), stating facts personally known to the informer, leading to the discovery of fraud related to internal revenue laws or violations of any of the provisions thereof, thereby resulting in the recovery of revenues, surcharges and fees, and/or the conviction of the guilty party and/or the imposition of any of the fine or penalty, shall be rewarded in a sum equivalent to ten percent (10%) of the revenues, surcharges or fees recovered and/or fine or penalty imposed and collected or Ten million pesos (₱10,000,000.00) per case, whichever is lower.

The same amount of reward shall also be given to informers in cases where the violator has offered to compromise the violation of law committed and the offer has been accepted by the Commissioner on Internal Revenue and in such case, the reward shall be ten percent (10%) or Ten million pesos (₱10,000,000.00), whichever is lower, of the amount agreed upon in the compromise and actually collected from the violator.

SEC. 2. Informer’s Reward for Discovery and Seizure of Smuggled Goods. – Any person, except a customs official or employee, or any public official or employee or said official’s or employee’s relative within the third degree of consanguinity or affinity, who voluntarily gives definite and sworn information, not yet in the possession of the Bureau of Customs (BOC), stating facts personally known to the informer leading to the discovery and seizure of smuggled goods shall be rewarded in an amount equivalent to twenty percent (20%) of the actual proceeds of the sale of such smuggled and confiscated goods, or of the actual collection of additional revenues or surcharges or fees recovered and/or fine or penalty imposed and collected or Ten million pesos (₱10,000,000.00), whichever is lower.
SEC. 3. Non-payment of Informer’s Reward. – The informer shall not be entitled to a reward if no additional revenue, surcharge or fee and/or fine or penalty is actually recovered or collected in accordance with Sections (1) and (2) of this Act, or if the information obtained refers to a case already pending or previously investigated or examined by the Commissioner of Internal Revenue or the Commissioner of Customs, or any of their deputies, agents or examiners, as the case may be.

The provisions of Sections (1) and (2) notwithstanding, all public officials, whether incumbent, retired or separated from service, who acquired the information in the course of the performance of their duties during their incumbency, are prohibited from claiming the informer’s reward.

SEC. 4. Filing and Claiming of Rewards. – Applications for rewards granted under this Act shall be filed by the informer with the Office of the Commissioner of Internal Revenue or the Commissioner of Customs, as the case may be, who shall approve of the same. Rewards granted herein amounting to more than One million pesos (₱1,000,000.00) shall, upon the approval of the reward, be automatically reviewed by the Secretary of Finance. In both cases, the rewards granted shall be paid to the informer only after revenues, surcharges or fees and/or fine or penalty are actually recovered or collected in accordance with law, and after all reports and documents required for the evaluation and approval of the claim for informer’s reward, including the endorsement by the Commissioner of Internal Revenue or the Commissioner of Customs, as the case may be, shall have been submitted to the Department of Finance (DOF) in appropriate cases.

In all instances, a definite and sworn information given for the purpose of claiming the reward shall be filed personally by the person having such information, prohibiting representation by any other person, organization, or any other similar group facilitating rewards.
SEC. 5. **Rewards Payable from Proceeds.** – The reward authorized under this Act shall be paid out of revenues, surcharges or fees and/or fine or penalty actually recovered or collected and accounted for in accordance with law as a result of the information furnished by the informer and in accordance with the rules and regulations issued by the Secretary of Finance.

The rewards of the informers shall be subject to income tax, collected as a final withholding tax, at the rate of twenty percent (20%).

SEC. 6. **Confidentiality of Informer’s Identity; Penalties for Unauthorized Disclosure.** – It shall be unlawful for any official or employee of the BIR, the BOC, or the DOF to disclose or reveal the name of any informer. The identity of the informer shall not be revealed except:

(a) When the informer has given written consent; or

(b) When the information that the informer provided is proven to be malicious or false.

Any provision of general or special law to the contrary notwithstanding, disclosure of such confidential information shall be punished by a fine of not less than Five hundred thousand pesos (₱500,000.00) but not more than One million pesos (₱1,000,000.00), and imprisonment of not less than ten (10) years but not more than fifteen (15) years. The offender shall likewise suffer an additional penalty of perpetual disqualification to hold public office, to vote and to participate in any public election.

SEC. 7. **Action in Cases Involving False or Malicious Information.** – If the information provided by the informer later turns out to be false or has been made only for the purpose of harassing, molesting or in any way prejudicing the person so denounced, the person so denounced is entitled to take criminal or civil action as the facts may warrant.

Any application which may be found unwarranted based on law or jurisprudence, or which contains false facts, may be denied for malicious filing and without prejudice to any
action, civil or criminal, against the informer. Any application that is denied for malicious filing or misrepresentation may not be refilled.

SEC. 8. **Appropriations.** – All proceeds resulting from the recovery of revenues, surcharges, fees, and/or imposition of fine or penalty, and/or from the sale of smuggled and confiscated goods, shall automatically be appropriated as follows:

(a) Ten percent (10%) shall be allocated and used as informer’s reward in accordance with Section 1 hereof and ninety percent (90%) shall be remitted to the General Fund; and

(b) Twenty percent (20%) shall be allocated and used as informer’s reward in accordance with Section 2 hereof and eighty percent (80%) shall be remitted to the General Fund.

The informer’s rewards shall be deposited with the National Treasury and recorded as trust receipts in accordance with E.O. No. 338, s. 1996.

SEC. 9. **Implementing Rules and Regulations.** – Within thirty (30) days from the approval of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue and the Commissioner of Customs, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. **Repealing Clause.** – The following are hereby repealed:

(a) Section 282 of Republic Act No. 8424, otherwise known as the “Tax Reform Act of 1997;”

(b) Section 1512 of Republic Act No. 10863, otherwise known as the “Customs Modernization and Tariff Act;” and

(c) Republic Act No. 2338, as amended, entitled “An Act to Provide for Reward to Informers of Violations of the Internal Revenue and Customs Laws.”
All laws, decrees, executive orders, issuances and rules and regulations or parts thereof that are contrary to and inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SEC. 11. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,
AN ACT PROVIDING FOR A COMPREHENSIVE AND RATIONALIZED GRANT OF REWARDS TO INFORMERS FOR THE DISCOVERY OF VIOLATIONS OF INTERNAL REVENUE AND CUSTOMS LAWS


Committee Referral: COMMITTEE ON WAYS AND MEANS
Committee Chairperson: HON. JOEY SARTE SALCEDA
OBJECTIVE:
To consolidate the laws granting rewards to informers of violations of internal revenue and customs laws

KEY PROVISIONS:
- Grants rewards to informers as follows:

<table>
<thead>
<tr>
<th>Type of Reward</th>
<th>Reward (whichever is lower)</th>
<th>Ten Million Pesos (₱10,000,000.00)</th>
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</thead>
<tbody>
<tr>
<td>Reward to an informer for information that leads to the discovery of fraud related to internal revenue laws</td>
<td>Ten percent (10%) of revenues, surcharges, or fees recovered and/or fine or penalty imposed and collected</td>
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<td>Reward to an informer where the violator offered to compromise the violation of law committed by him and his offer has been accepted by the Commissioner of Internal Revenue</td>
<td>Ten percent (10%) of the amount agreed upon in the compromise and actually collected from the violator</td>
<td></td>
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<tr>
<td>Reward to an informer for information instrumental in the discovery and seizure of smuggled goods</td>
<td>Twenty percent (20%) of the actual proceeds from the sale of smuggled goods and confiscated goods or actual collection of additional revenues, surcharges, or fees recovered and/or fine or penalty imposed and collected</td>
<td></td>
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</tbody>
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- Excludes from persons who can be considered informers all public officials or employees – whether incumbent, retired, or separated from service, and said officials’ or employees’ relative within the third degree of consanguinity or affinity;

- Requires that information obtained from an informer must lead to the actual recovery or collection of additional revenue, surcharge, or fee and/or fine or penalty to be eligible for payment of informer’s reward;

- Provides that applications for informer’s rewards shall be filed by the informer with the Office of the Commissioner of Internal Revenue or the Commissioner of Customs, as the case maybe, subject to the automatic review of the
Secretary of Finance should the reward to be granted amounts to more than One million pesos (Php1,000,000.00);

- Provides that payment of rewards to informers shall only be given after revenues, surcharges, or fees and/or fine or penalty have been recovered or collected in accordance with law, and after all reports and documents required for the evaluation and approval of the claim for informer’s reward have been submitted to the Department of Finance;

- Penalizes unauthorized disclosure of confidential information such as the identity of the informer;

- Entitles an individual to file civil or criminal action against the informer should the information provided turns out to be false or has been made only to harass, molest, or in any way prejudice said individual; and

- Automatically appropriates the proceeds from the recovery of revenues, surcharges, and fees and/or the imposition of fine or penalty, or from the sale of smuggled and confiscated goods as follows:

<table>
<thead>
<tr>
<th>Violations under:</th>
<th>Informer’s reward</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1</td>
<td>10%</td>
<td>90%</td>
</tr>
<tr>
<td>Section 2</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**RELATED LAWS:**

1. Republic Act No. 8424, otherwise known as the National Internal Revenue Code (NIRC) of 1997;

2. Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA); and