



Republic of the Philippines  
CONGRESS OF THE PHILIPPINES  
PASAY CITY

**SUBJECT : SPOT REPORT ON THE 21 OCTOBER 2004  
10:00 A.M. PUBLIC HEARING OF THE  
COMMITTEE ON WAYS AND MEANS AT THE  
SEN. RECTO ROOM TO DISCUSS S.B.N. 1325  
– TAX AMNESTY (RECTO) AND S.B.N. 1236 –  
LATERAL ATTRITION.**

**DATE : OCTOBER 26 2004**

**PRELIMINARY**

**Senators Present : Recto, Enrile & Osmeña III**

**Resource Persons : Emmanuel Bonoan, Usec. DOF; Jose Buñag,  
Deputy Commissioner, BIR; Lina Isorena,  
Executive Director, NTRC**

**DISCUSSION**

**SBN 1236 LATERAL ATTRITION**

At the onset, Senator Enrile asked DOF Usec. Bonoan whether the terms contained in the Declaration of Policy as contained in SB 1236 such as morale, efficiency, integrity, credibility, responsiveness, progressiveness, and optimization are measurable variables. He proposed to revise this portion of the bill since these above cited terms are superfluous and meaningless.

In connection with Sec. 8 of the draft bill on lateral attrition, Senator Recto inquired if a senator may serve as a member of the Proposed Revenue Performance Evaluation Board (PRPEB) as envisioned in the bill. Senator Enrile contended that Article 6 Sec. 13 of the 1987 Constitution bars members of Congress from holding any other office during their term without forfeiting their seats.

Senator Enrile solicited from DOF Usec. Bonoan the procedure for appeals for attritable employees. Usec. Bonoan assured the Committee that there are appropriate provisions to prevent a miscarriage of justice. Senator Enrile conveyed to the Body that the monetary temptation confronting the BIR

and the BOC employees is so overwhelming that even morally upright and obsessively honest employees would find extremely difficult to resist.

On whether there are adequate safeguards to prevent the harassment of taxpayers; Senator Recto replied that he was open to suggestions on improving the bill. Senator Enrile emphasized that amendments to the bill should leave no room for speculations.

On the criteria for the distribution of incentives and rewards, Usec. Bonoan said that the employees' length of service would be a major consideration. Senator Enrile proposed to base the allocation on the employee's current salaries.

Senator Recto directed Usec. Bonoan to invite the BIR/BOC employees to attend the next meeting of the committee.

### **SBN 1325 – TAX AMNESTY**

On the coverage of the measure, Senator Enrile proposed a cut-off year instead of an open-ended time frame. He proposed the revision of the phrase "... and prior years..."

Senator Enrile questioned the DOF representatives on whether or not estate taxes are included in the contemplation of the measure. These types of taxes involve huge amounts of money.

Senator Enrile pointed out that the section on the Grant of Tax Amnesty, those taxpayers with a net worth of One hundred thousand pesos and Five hundred thousand pesos would PAY THE SAME AMOUNT if the figures cited would be carried out.

Senator Osmeña III ordered the DOF officials to explain the huge disparity in the number of taxpayers on a year-to-year basis commencing on CY 1970 up to the present. He instructed the DOF executives to study the matter of whether or not persons with illegally acquired assets may avail of the tax amnesty. Asked if gambling, prostitution and the drug lords could qualify for tax amnesty, the DOF officials replied in the affirmative. Senator Osmeña III commented that vice lords could not be barred from applying for tax amnesty because they have not been convicted in court. While they can enjoy the amnesty, vice lords would not escape criminal liability. Senator Osmeña III complained that the materials sent by fax by the DOF are difficult to read. Usec. Bonoan apologized for the oversight. Moreover, Senator Osmeña III pointed out that there is no country in the world that requires its taxpayers to submit a Statement of Assets, Liabilities and Net Worth (SALN). DOF officials informed the committee that business establishments were required under tax laws to submit financial statements. They cited Sec. 232 of the Tax Code which reads as follow "... Corporation...Companies whose gross quarterly sales earnings receipts exceed P150T shall have their books of accounts audited... which shall contain information lifted from certified balance sheets..."

On the query of Senator Osmeña if anybody had been sent to jail on account of tax evasion for the past ten years, BIR Deputy Commissioner Buñag replied in the negative. Commissioner Buñag clarified that while BIR files the charges on the delinquent taxpayers, the litigation aspect is vested with the DOJ. Mr. Buñag stressed that the BIR does not have any control over the handling of the cases.

The senators present directed the DOF officials to seek a formal written legal opinion of the DOJ and other noted constitutionalists on the legality of the mandatory filing of SALN.

Senator Enrile castigated DOF for allowing the harassment of key Government witnesses in the multi-million-peso tax credit scam. Senator Enrile sought an explanation on reports reaching his office that the NBI was hounding some of the tax credit scam witnesses.

Usec. Bonoan emphasized that the issue raised has been looked at with concern by the DOF. He felt that the documents pertaining to the prosecution of the tax credit scam culprits should be turned over to more qualified and impartial agencies.

Senator Enrile said that the plan to transfer to other more competent agencies that shall undertake the investigation is tantamount to escaping responsibility.

DOF executives confirmed the existence of Finance Regulation #2. Senator Enrile recalled that the aforementioned document confers to the DOF/BIR/BOC the AUTHORITY TO REVISE FORMS. Hence, the DOF officials may unilaterally include in the revised forms the submission of SALN. In this manner, there would be no need for new legislation.

*Respectfully submitted,*

**Arturo Mojica Jr.**