

TAX AMNESTY ACT **(REPUBLIC ACT NO. 11213)**

May 18, 2019

Fulvio D. Dawilan
Senior Partner, BDB Law
fulvio.dawilan@bdblaw.com.ph

Presentation Outline

- Concept of Tax Amnesty
- Tax Amnesty Act's Timeline
- Tax Amnesty Bills
- Tax Amnesty Act after the President's line item vetoes:
 - Part I – Estate Tax Amnesty and relevant provisions of the Draft Implementing Rules and Regulations (As of April 10, 2019)
 - Part II – Tax Amnesty on Delinquencies and its Implementing Rules and Regulations (Revenue Regulations No. 4-2019)

The Concept of Tax Amnesty

What is Tax Amnesty?

Tax amnesty, as defined by the Supreme Court, is a “general pardon or intentional overlooking by the State of its authority to impose penalties on persons otherwise guilty of evasion or violation of a revenue or tax law.”

Tax amnesty is defined as a measure that condones the liabilities incurred by a taxpayer due to his/her incorrect or non-payment of taxes on the condition that the taxpayer complies with certain requirements (Yoingco, 1998) such as the mandatory filing of the SALN.

Advantages of Tax Amnesty

- Raises short-term revenue;
- Enhances tax compliance by giving errant taxpayers a fresh start;
- Broadens the tax base by encouraging voluntary disclosure;
- Promotes reconciliation between the government and its citizenry;
- Increases the level of tax consciousness of the public;
- Helps reduce backlog on paperwork and arrears; and
- Eases tax administration as tax enforcers no longer need to go through the rigors of identifying, verifying, and prosecuting tax evaders.

Disadvantages of Tax Amnesty

- Provides negative effect on honest taxpayers who may view the amnesty as unfair to them;
- Undermines the efforts to collect taxes in a timely manner since taxpayers might wish to wait for future amnesties instead of fulfilling their tax obligations on time; and
- Maybe interpreted as an admission of inefficiency and ineffectiveness on the part of the tax administration to enforce tax laws.

Timeline of the Tax Amnesty Act

February 13, 2017 – House Bill (HB) No. 4814 (Estate Tax Amnesty Bill) was approved.

October 9, 2018 – Senate Bill (SB) No. 2059 was filed in the Senate, in view of HB No. 3814.

November 14, 2018 – HB No. 8554 was filed.

November 2018 – SB No. 2059 and HB No. 8554 were approved on 3rd and final reading.

December 4, 2018 – Commencement of Bicameral conference committee meetings.

Timeline of the Tax Amnesty Act

December 12 and 13, 2018 – Bicameral Conference Committee report was approved by the House and the Senate.

January 17, 2019 – enrolled copy of the bill was transmitted to the President.

February 14, 2019 – The Tax Amnesty Act was signed by the President with partial veto.

February 19, 2019 – R.A. 11213 was published.

April 9, 2019 – Revenue Regulations No. 4-2019 was published.

April 24, 2019 – RR No. 4-2019 took effect.

Estate Tax Amnesty Bills

House Bill No. 8554
(Rep. Romero, et. al.)

Senate Bill No. 2059
(Pimentel et. al)

Composed of four (4) parts, to wit:

Part I – Estate Tax Amnesty
Part II – General Tax Amnesty
Part III –Tax Amnesty on Delinquencies
Part IV – General Provisions

Composed of four (4) parts, to wit:

Part I – Estate tax Amnesty
Part II – General Tax Amnesty
Part III –Tax Amnesty on Delinquencies
Part IV – General Provisions

Estate Tax Amnesty Bills

House Bill No. 8554

Senate Bill No. 2059

Coverage

Estate taxes for estates of decedents who died in 2017 and prior years, with or without assessment duly issued therefore, that have remained unpaid as of December 31, 2017.

Who may file?

The executor, administrator, or in the absence thereof, the legal heirs, transferees or beneficiaries

When to file?

Within two (2) years from the effectivity of the implementing rules and regulations (IRR).

When to pay?

At the time of filing of the return.