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H. No. 9306

BY REPRESENTATIVES CABOCHAN, SALCEDA, YAP (E.), SINGSON-MEEHAN, GARIN (S.), CRISOLOGO, QUIMBO, NOGRALES (J.J.), DAGOOC, SUANSING (E.), DELOSO-MONTALLA, SUANSING (H.), TAN (A.S.), LACSON, GO (M.), EBCAS, BIAZON, SAVELLANO, VELOSO, MARQUEZ, GONZALES (A.), TEJADA, SACDALAN, VELASCO, HARESCO, VIOLAGO, GERON, TAMBUNTING, ARENAS, FUENTEBELLA, ESCUDERO, ABU, ESPINO, CHIPECO, ROMERO, KHO (W.), ONG (J.), REVILLA, AGABAS, MACAPAGAL ARROYO, ZARATE, ERMITA-BUHAIN, BAUTISTA-BANDIGAN, CALDERON, CUA, CUARESMA, DALIPE, DAZA, FARIÑAS I (R.C.), GARCIA (J.E.), GASATAYA, GO (E.C.), GONZAGA, GONZALEZ, LIMKAICHONG, REYES, SAGARBARRIA, SUAREZ (D.), ZUBIRI, ABUEG-ZALDIVAR, BARONDA, BENITEZ, BORDADO, BRAVO, CABATBAT, CARI, DALOG, DIMAPORO (A.), DIMAPORO (M.K.), GULLAS, HOFER, LABADLABAD, MACEDA, MALAPITAN, MARIÑO, NATIVIDAD-NAGAÑO, NAVA, OUANO-DIZON, TAN (A.), TIANGCO, TUTOR, VERGARA, NIETO, ORDANES, PEÑA, ROBES, ROMULO, TY (A.), OLIVAREZ, PADIERNOS AND VILLARICA, PER COMMITTEE REPORT NO. 933

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:

1 **SECTION 1. *Informer's Reward for the Discovery of Violations of the National***
2 ***Internal Revenue Code.*** – Any person, except an internal revenue official or employee, or any
3 public official or employee or said official's or employee's relative within the third degree of
4 consanguinity or affinity, who voluntarily gives definite and sworn information, not yet in the
5 possession of the Bureau of Internal Revenue (BIR), stating facts personally known to the
6 informer, leading to the discovery of fraud related to internal revenue laws or violations of any
7 of the provisions thereof, thereby resulting in the recovery of revenues, surcharges and fees,
8 and/or the conviction of the guilty party and/or the imposition of any of the fine or penalty,
9 shall be rewarded in a sum equivalent to ten percent (10%) of the revenues, surcharges or fees
10 recovered and/or fine or penalty imposed and collected or Ten million pesos (P10,000,000.00)
11 per case, whichever is lower.

12 The same amount of reward shall also be given to informers in cases where the violator
13 has offered to compromise the violation of law committed and the offer has been accepted by
14 the Commissioner on Internal Revenue and in such case, the reward shall be ten percent (10%)
15 or Ten million pesos (P10,000,000.00), whichever is lower, of the amount agreed upon in the
16 compromise and actually collected from the violator.

17 **SEC. 2. *Informer's Reward for Discovery and Seizure of Smuggled Goods.*** – Any
18 person, except a customs official or employee, or any public official or employee or said
19 official's or employee's relative within the third degree of consanguinity or affinity, who
20 voluntarily gives definite and sworn information, not yet in the possession of the Bureau of
21 Customs (BOC), stating facts personally known to the informer leading to the discovery and
22 seizure of smuggled goods shall be rewarded in an amount equivalent to twenty percent (20%)
23 of the actual proceeds of the sale of such smuggled and confiscated goods, or of the actual
24 collection of additional revenues or surcharges or fees recovered and/or fine or penalty imposed
25 and collected or Ten million pesos (P10,000,000.00), whichever is lower.

1 **SEC. 3. *Non-payment of Informer's Reward.*** – The informer shall not be entitled to a
2 reward if no additional revenue, surcharge or fee and/or fine or penalty is actually recovered
3 or collected in accordance with Sections (1) and (2) of this Act, or if the information obtained
4 refers to a case already pending or previously investigated or examined by the Commissioner
5 of Internal Revenue or the Commissioner of Customs, or any of their deputies, agents or
6 examiners, as the case may be.

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

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

22 In all instances, a definite and sworn information given for the purpose of claiming the
23 reward shall be filed personally by the person having such information, prohibiting
24 representation by any other person, organization, or any other similar group facilitating
25 rewards.

1 **SEC. 5. Rewards Payable from Proceeds.** – The reward authorized under this Act shall
2 be paid out of revenues, surcharges or fees and/or fine or penalty actually recovered or collected
3 and accounted for in accordance with law as a result of the information furnished by the
4 informer and in accordance with the rules and regulations issued by the Secretary of Finance.

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

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

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

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

13 Any provision of general or special law to the contrary notwithstanding, disclosure of
14 such confidential information shall be punished by a fine of not less than Five hundred thousand
15 pesos ((P500,000.00) but not more than One million pesos (P1,000,000.00), and imprisonment
16 of not less than ten (10) years but not more than fifteen (15) years. The offender shall likewise
17 suffer an additional penalty of perpetual disqualification to hold public office, to vote and to
18 participate in any public election.

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

23 Any application which may be found unwarranted based on law or jurisprudence, or
24 which contains false facts, may be denied for malicious filing and without prejudice to any

1 action, civil or criminal, against the informer. Any application that is denied for malicious filing
2 or misrepresentation may not be refiled.

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

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

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

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

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

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

18 (a) Section 282 of Republic Act No. 8424, otherwise known as the "*Tax Reform Act of*
19 *1997;*"

20 (b) Section 1512 of Republic Act No. 10863, otherwise known as the "*Customs*
21 *Modernization and Tariff Act;*" and

22 (c) Republic Act No. 2338, as amended, entitled "*An Act to Provide for Reward to*
23 *Informers of Violations of the Internal Revenue and Customs Laws.*"

1 All laws, decrees, executive orders, issuances and rules and regulations or parts thereof
2 that are contrary to and inconsistent with any provision of this Act are hereby repealed,
3 amended or modified accordingly.

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

Approved,