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MALACAÑANG

Manila

EXECUTIVE ORDER NO. 41

DECLARING A ONE-TIME TAX AMNESTY COVERING UNPAID INCOME TAXES FOR THE YEARS 1981 TO 1985

WHEREAS, to raise more revenues, certain income tax evaders should be encouraged to declare voluntarily their untaxed income and pay the tax due thereon;

WHEREAS, the grant of a tax amnesty to the said income tax evaders will greatly contribute to the attainment of the aforesaid objective;

WHEREAS, to impress upon the taxpayers that henceforth the government will vigorously enforce the tax laws, no further amnesties shall be granted;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. SCOPE OF AMNESTY. - A one-time tax amnesty covering unpaid income taxes for the years 1981 to 1985 is hereby declared.

SECTION 2. CONDITIONS OF THE AMNESTY. - A taxpayer who wishes to avail himself of the tax amnesty shall, on or before October 31, 1986:

- a) file a sworn statement declaring his net worth as of December 31, 1985;
- b) file a certified true copy of his statement declaring his net worth as of December 31, 1980 on record with the Bureau of Internal Revenue, or if no such record exists, file a statement of said net worth therewith, subject to verification by the Bureau of Internal Revenue;
- c) file a return and pay a tax equivalent to ten per cent (10%) of the increase in net

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worth from December 31, 1980 to December 31, 1985; Provided, That in no case shall the tax be less than P5,000.00 for individuals and P10,000.00 for juridical persons.

SECTION 3. COMPUTATION OF NET WORTH. - In computing the net worths referred to in Section 2 hereof, the following rules shall govern:

- a) Non-cash assets shall be valued at acquisition cost.
- b) Foreign currencies shall be valued at the rates of exchange prevailing as of the date of the net worth statement.

SECTION 4. EXCEPTIONS. - The following taxpayers may not avail themselves of the amnesty herein granted:

- a) Those falling under the provisions of Executive Order Nos. 1, 2 and 14;
- b) Those with income tax cases already filed in Court as of the effectivity hereof;
- c) Those with criminal cases involving violations of the income tax law already filed in court as of the effectivity hereof;
- d) Those that have withholding tax liabilities under the National Internal Revenue Code, as amended, insofar as the said liabilities are concerned;
- e) Those with tax cases pending investigation by the Bureau of Internal Revenue as of the effectivity hereof as a result of information furnished under Section 316 of the National Internal Revenue Code, as amended;
- f) Those with pending cases involving unexplained or unlawfully acquired wealth before the Sandiganbayan;
- g) Those liable under Title Seven, Chapter Three (Frauds, Illegal Exactions and Transactions) and Chapter Four (Malversation of Public Funds and Property) of the Revised Penal Code, as amended.

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SECTION 5. SCHEDULE OF PAYMENT OF AMNESTY TAX. - The amnesty tax imposed herein shall be paid as follows:

- a) If P50,000.00 or less, the tax must be paid at the time of the filing of the return, but not later than October 31, 1986;
- b) If more than P50,000.00 but not exceeding P500,000.00 the tax may be paid in two equal installments: the first, upon the filing of the return but not later than October 31, 1986; and the second, on or before November 30, 1986.
- c) If more than P500,000.00, the tax may be paid in three equal installments: the first, upon the filing of the return but not later than October 31, 1986; the second, on or before November 30, 1986; and the last, on or before December 31, 1986.

If the amnesty tax or any installment thereof is not paid on its due date, a surcharge equivalent to 25% of the unpaid amount shall be collected. The unpaid tax or installment and the surcharge shall be paid not later than one month from the due date thereof, otherwise the application for tax amnesty shall be denied. No case hereunder shall result in a refund.

SECTION 6. IMMUNITIES AND PRIVILEGES. - Upon full compliance with the conditions of the tax amnesty and the rules and regulations issued pursuant to this Executive Order, the taxpayer shall enjoy the following immunities and privileges:

- a) The taxpayer shall be relieved of any income tax liability on any untaxed income from January 1, 1981 to December 31, 1985, including increments thereto and penalties on account of the non-payment of the said tax. Civil, criminal or administrative liability arising from the non-payment of the said tax, which are actionable under the National Internal Revenue Code, as amended, are likewise deemed extinguished.
- b) The taxpayer's tax amnesty declaration shall not be admissible in evidence in all proceedings before judicial, quasi-judicial or administra-

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tive bodies, in which he is a defendant or respondent, and the same shall not be examined, inquired or looked into by any person, government official, bureau or office.

- c) The books of account and other records of the taxpayer for the period from January 1, 1981 to December 31, 1985 shall not be examined for income tax purposes: Provided, That the Commissioner of Internal Revenue may authorize in writing the examination of the said books of accounts and other records to verify the validity or correctness of a claim for grant of any tax refund, tax credit (other than refund on credit of withheld taxes on wages), tax incentives, and/or exemptions under existing laws.

SECTION 7. TREATMENT OF UNEXPLAINED INCREASE IN NETWORTH AFTER DECEMBER 31, 1985. - The net worth of the taxpayer as declared in the statement filed by him pursuant to Section 2(a) hereof shall be considered as his true net worth as of January 1, 1986 for purposes of determining his future tax liabilities. Any unexplained increase in his net worth after January 1, 1986 shall be considered taxable income in the year when such increase was established or discovered.

SECTION 8. UNLAWFUL DIVULGENCE OF AMNESTY TAX RETURN AND STATEMENT OF ASSETS AND LIABILITIES. Except as otherwise provided herein, it shall be unlawful for any person having knowledge of the tax amnesty declaration containing the statement of assets, liabilities and net worth filed pursuant hereto to disclose any information relative to such declaration, and any violation hereof shall subject the offender to a fine in the amount of not less than FIVE THOUSAND PESOS (P5,000.00) or imprisonment of not less than two (2) years nor more than five (5) years, or both.

Any officer or employee of the Bureau of Internal Revenue or any government entity who inquires, questions or attempts to inquire into the tax amnesty declaration filed by any taxpayer pursuant to this Executive Order shall be guilty of grave misconduct for which he may summarily be dismissed from the service.

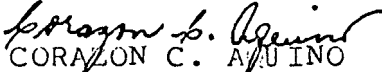
SECTION 9. The Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 10. Upon expiration of the period of this amnesty, no further income tax amnesty shall be granted.

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SECTION 11. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of August the year of Our Lord, nineteen hundred and eighty-six

  
CORAZON C. AQUINO  
President of the Philippines

By the President:

  
JOKER P. ARROYO  
Executive Secretary