OPINION

# The General Tax Amnesty bill: Opportunities for compliance and growth

**IN BRIEF:**

• The General Tax Amnesty Bill, formally known as Senate Bill No. 60, presents a significant opportunity for taxpayers to address their tax obligations while alleviating penalties and interest on unpaid taxes.

• This initiative aims to foster a culture of compliance among taxpayers, encouraging them to fulfill their obligations through transparent policies and processes.

• Understanding the provisions of the General Tax Amnesty can empower businesses to strategically manage their tax responsibilities and enhance their operational efficiency.

The introduction of the General Tax Amnesty Bill marks a pivotal moment for taxpayers. This bill seeks to provide relief to individuals and businesses by addressing the challenges posed by the previously vetoed 2018 Tax Amnesty Act. By offering a reprieve from penalties and interest on unpaid taxes, the General Tax Amnesty aims to promote compliance and encourage taxpayers to settle their obligations.

The General Tax Amnesty covers a wide range of taxes, including income tax, withholding tax, capital gains tax, donor's tax, value-added tax (VAT), and excise tax. This coverage extends to the taxable year 2024 and prior years, regardless of whether assessments have been issued for unpaid taxes.

However, it should be noted that estate tax and certain specified individuals or cases are excluded from this coverage. These cover withholding tax agents who withheld taxes but failed to remit the same, certain taxpayers with cases pending in appropriate courts (e.g., those involving tax evasion and other criminal cases), tax cases, delinquencies, and assessments that have become final and executory.

**KEY PROVISIONS**

The General Tax Amnesty encompasses various taxes collected by the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BoC). This comprehensive coverage underscores the government's commitment to facilitating compliance among taxpayers.

**ENTITLEMENT UNDER THE GENERAL TAX AMNESTY**

The amnesty is applicable to both natural and juridical persons, providing flexibility in how taxpayers can settle their obligations. Taxpayers have two options for paying the amnesty tax, the first being 2% of total assets as of Dec. 31, 2024, as declared in the Statement of Total Assets. The second option is based on total net worth as of Dec. 31, 2024, as declared in the Statement of Assets, Liabilities, and Net Worth, with specific rates and minimum payments for various categories.

The rate for individuals (including trusts and estates) is 5% or P100,000, whichever is higher. For corporations, the rate depends on subscribed capital: 1) Over P50 million subscribed capital: 5% or P1,300,000, whichever is higher, 2) P20 million to P50 million subscribed capital: 5% or P650,000, whichever is higher, 3) P5 million to P20 million subscribed capital: 5% or P350,000, whichever is higher, 4) Below P5 million subscribed capital: 5% or P150,000, whichever is higher.

For other juridical entities (e.g., taxable cooperatives and foundations), the rate is 5% or P100,000, whichever is higher.

Taxpayers with negative net worth can still avail of the amnesty by paying the minimum tax, ensuring inclusivity.

**PROCESS FOR AVAILING OF THE AMNESTY**

To benefit from the General Tax Amnesty, taxpayers must file a sworn General Tax Amnesty Return accompanied by a notarized Statement of Total Assets or notarized Statement of Assets, Liabilities, and Net Worth, as the case may be, within one year from the effectivity of the Implementing Rules and Regulations. Payment of the amnesty tax is due at the time of filing, streamlining the process for compliance.

**DISCOUNTS FOR EARLY PAYMENT**

The bill incentivizes timely compliance by offering discounts for early payment: a 20% discount if paid within the first three months, a 15% discount if paid between the fourth and sixth months, and a 10% discount if paid between the seventh and ninth months.

These discounts not only encourage prompt action but also provide a financial incentive for taxpayers to settle their obligations swiftly.

**IMMUNITIES AND PRIVILEGES**

Those who avail of the General Tax Amnesty and have fully complied with all the conditions therein and upon payment of the amnesty tax are entitled to the following immunities and privileges:

**SUITS THE C-SUITE**
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**By understanding the provisions and processes outlined in the bill, businesses can strategically navigate their tax responsibilities and enhance their operational efficiency.**

Immunity from taxes: Taxpayers will be immune from the payment of taxes, additions thereto, and from all related civil, criminal, and administrative cases and penalties under the 1997 National Internal Revenue Code, as amended, for the taxable year 2024 and prior years. This immunity also extends to investigations or suits related to the assets, liabilities, net worth, and internal revenue taxes that are the subject of the tax amnesty.

Confidentiality of information: Any information or data contained in, derived from, or provided by a taxpayer in the Tax Amnesty Return, Statement of Total Assets, or Statement of Assets, Liabilities, and Net Worth will be confidential in nature and not be used in any investigation or prosecution before any judicial, quasi-judicial, and administrative bodies. However, the taxpayer may use this information as a defense in cases brought against them.

Exemption from examination: The books of account and other records of the taxpayer for the years covered by the tax amnesty will not be examined by the BIR, except under specific conditions such as verifying the validity or correctness of a claim for any tax refund, tax credit (other than refund of taxes withheld on wages), tax incentives, and/or exemptions under existing laws.

These immunities and privileges do not apply if the taxpayer fails to file the necessary returns or if there is a significant understatement of assets or net worth, or in cases of fraud.

**SAFEGUARDS AGAINST TAX EVASION**

To enhance the integrity of the tax system and address concerns related to tax evasion, the General Tax Amnesty Bill incorporates several essential safeguards. Notably, it includes provisions for lifting bank secrecy, which grants the Commissioner of Internal Revenue access to financial information necessary for verifying taxpayer declarations during the one-year period of the General Tax Amnesty.

Additionally, the bill requires the automatic exchange of information among relevant government agencies, facilitating a more comprehensive oversight of taxpayer compliance. Furthermore, it imposes penalties for inaccurate net worth or total asset declarations, serving as a deterrent against fraudulent reporting and emphasizing the importance of transparency in tax compliance.

By implementing these safeguards, the General Tax Amnesty Bill seeks to cultivate a culture of accountability and trust between taxpayers and the government, ultimately contributing to a more equitable tax system.

**COMPLIANCE AND POTENTIAL FOR GROWTH**

The General Tax Amnesty Bill represents a significant opportunity for taxpayers to address their obligations while minimizing penalties. By understanding the provisions and processes outlined in the bill, businesses can strategically navigate their tax responsibilities and enhance their operational efficiency.

However, it is important to note that the General Tax Amnesty Bill needs to go through the legislative process before it can become a law, and stakeholders should remain aware of potential changes that may arise during this period.

For organizations looking to leverage the benefits of the General Tax Amnesty, it is advisable to engage in discussions with tax advisors about the potential advantages of the program. By fostering a culture of compliance and taking proactive steps to manage tax obligations, businesses can build a positive reputation and strengthen their relationships with stakeholders.

In the context of the Philippine business environment, the General Tax Amnesty serves as a reminder of the importance of compliance and the potential for growth that comes from fulfilling tax obligations. By embracing this opportunity, businesses can position themselves for long-term success.

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# BIR exceeds excise tax target in first 7 months

EXCISE TAX collections exceeded the target for the first seven months, driven by tobacco products, the Bureau of Internal Revenue (BIR) said.

Excise tax collections amounted to P193.65 billion during the period, beating the target by 2.19%, the BIR said.

The seven-month total was also 15.10% higher than the year-earlier tally.

Collections at the end of July were equivalent to 56% of the full-year excise tax target of P343.10 billion.

Excise taxes are imposed on the production, sale or consumption of commodities such as tobacco, alcohol, and other non-essential goods.

Tobacco products accounted for P94.46 billion of the excise tax haul, exceeding the target by 14.89%.

Year on year, tobacco tax collections were up 32.12%.

Taxes generated by alcohol products hit P66.58 billion during the period, missing the target by 7.25% but exceeding the year-earlier tally by 4.12%.

Miscellaneous excise taxes — covering automobiles, sweetened beverages, cosmetic procedures, and other non-essential goods — were also below target at P25.03 billion, missing the goal by 11.62% and 4.99% lower than the year-earlier total.

Excise taxes on sweetened beverages (P21.59 billion) and automobiles (P3.26 billion) were also short of their targets.

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Taxes generated by non-essential goods (P165.58 million) and cosmetic procedures (P11.30 million) both beat targets.

Excise tax collections generated by mining and mineral products amounted to P7.49 billion at the end of July, beating the target by 4.37%. They were up 17.58% from a year earlier.

Petroleum excise tax collections totaled P94.74 million, up 10.77% from a year earlier.

Overall, excise taxes accounted for 10.25% of the BIR revenue of P1.89 trillion at the end of July.

Overall collections were 1.25% under the target for the seven months but 12.34% higher year on year.

Growth in overall revenue had been driven by corporate income tax, value-added tax, and personal income tax.

The seven-month total represents 58.68% of the BIR's P3.22-trillion full-year goal. — **Aubrey Rose A. Inosante**

# Third phase of SCTEx toll hike approved

THE Toll Regulatory Board (TRB) approved the third and final tranche of toll rate adjustments for the Subic-Clark-Tarlac Expressway (SCTEx).

Beginning Sept. 9, motorists are set to pay an additional 64 centavos per kilometer for class 1 vehicles, P1.29 per kilometer for class 2, and P1.93 per kilometer for class 3, NLEX Corp., a unit of Metro Pacific Tollways Corp. (MPTC), said in a statement over the weekend.

The adjusted rates follow the approval of the 2020 and 2022 petitions for periodic SCTEx toll adjustments, the toll operator said, noting that the TRB and Bases Conversion and Development Authority agreed to implement the adjustments in three tranches over a three-year period to cushion the impact on motorists.

Once implemented, motorists passing through Mabalacat City (Mabiga Interchange) to Tarlac will pay P25 more for class 1 vehicles and an additional P51 for class 2. Class 3 vehicles will pay P75 more.

Motorists passing between Mabalacat City (Mabiga Interchange) and Tipo, Hermosa, Bataan (near Subic Freeport) will be charged an additional P40 for class 1 vehicles, P80 for class 2, and P121 for class 3.

Meanwhile, motorists traveling the entire stretch of SCTEx or from Tipo to Tarlac will pay an additional P66 for class 1, P131 for class 2, and P197 for class 3 vehicles.

NLEX Corp., which manages and operates SCTEx, said it has implemented various infrastructure and enhancement projects along SCTEx.

It has completed the New Clark City Interchange, which serves as an alternate route for motorists traveling to Capas, Bamban, and New Clark City.

Radio-Frequency Identification (RFID) and toll systems also underwent upgrades, NLEX Corp. said, with improvements including conversion to neology antennas and stickers which offer better readability.

"These efforts reflect the tollway company's unwavering commitment to delivering fast, reliable, and safe road access, while driving innovation and environmental responsibility for the benefit of all motorists," NLEX Corp. said.

MPTC is the tollways unit of Metro Pacific Investments Corp. (MPIC), one of the three key Philippine subsidiaries of Hong Kong-based First Pacific Co. Ltd., alongside Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., holds a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**