

[PRESIDENTIAL DECREE NO. 1840, September 19, 1981]

GRANTING A TAX AMNESTY ON UNTAXED INCOME AND/OR WEALTH EARNED OR ACQUIRED DURING THE TAXABLE YEARS 1974 TO 1980 AND REQUIRING THE FILING OF THE STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH.

WHEREAS, on account of the relatively complicated manner of computing the tax to be paid under Presidential Decree No. 1740, only a limited number of taxpayers have availed of the benefits of the said Decree despite the grant of immunity from investigation;

WHEREAS, to maximize the availment of tax amnesty and invite the voluntary disclosure of untaxed income or wealth and encourage the investment of such funds in productive enterprises, there is a need to simplify the determination of the amnesty tax to be paid; and

WHEREAS, it is the desire to afford full opportunity for individual taxpayers to come within the fold of the tax reforms and to provide them with a clean start for the adoption of the gross income taxation scheme.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order that:

SECTION 1. *Coverage.* — In case of voluntary disclosure of previously untaxed income and/or wealth such as earnings, receipts, gifts, bequests or any other acquisition from any source whatsoever, realized here or abroad, by any individual taxpayer, which are taxable under the National Internal Revenue Code, as amended, the assessment and collection of all internal revenue taxes, including the increments or penalties on account of non-payment as well as all civil, criminal or administrative liabilities arising from or incident thereto under the National Internal Revenue Code, are hereby condoned *provided* that the individual taxpayer shall pay:

- a. a tax of twenty per centum (20%) on such previously untaxed income or wealth in the case of resident citizens or resident aliens; or
- b. a tax of two per centum (2%) on such previously untaxed income converted in U.S. Dollars derived from sources abroad, in the case of non-resident citizens.

Those who have already availed of the benefits granted under Presidential Decree No. 1740 and its implementing regulations may also take advantage of the benefits *provided* for under this Decree and shall be allowed to credit any amount previously paid under Presidential Decree No. 1740 against the amnesty tax payable under this Decree.

SEC. 2. *Conditions for Immunity.* — The immunity granted under Section one of this Decree shall apply only under the following conditions:

- a. Such previously untaxed income and/or wealth must have been earned or realized in any of the years 1974 to 1980;
- b. The taxpayer must file an amnesty return on or before November 30, 1981, and fully pay the tax due thereon;

- c. The amnesty tax paid by the taxpayer under this Decree shall not be less than P1,000.00 per taxable year;
- d. The taxpayer must file a statement of assets, liabilities and net worth as of December 31, 1980, as required under Section 6 hereof.

SEC. 3. Cases Not Covered by this Decree. — The tax amnesty granted herein shall not apply to the following cases:

- a. Criminal cases already filed in Court or with the Fiscal's Office on or before September 17, 1980;
- b. Internal revenue tax cases involving civil liability which are the subject of a pending criminal action in the Fiscal's Office or the Court prior to September 17, 1980;
- c. Withholding tax at source liabilities *provided* for under Sections 53, 54 and Chapter XI of Title II of the National Internal Revenue Code; and transfer tax cases under Title III of the same Code for which no certificate of clearance has as yet been issued; and
- d. Deficiency internal revenue taxes assessed on or before September 17, 1980. For this purpose, the date of the assessment notice shall be deemed to be the date of assessment of the deficiency tax.

SEC. 4. Time Manner and Place of Filing. — The tax amnesty return shall be filed in the prescribed form with the Office of the Regional Director, Revenue District Officer, Collection Agent or the authorized Municipal Treasurer designated as collection officer of the Bureau of Internal Revenue where the taxpayer has his legal residence or place of business in the Philippines, then with the Commissioner of Internal Revenue, on or before November 30, 1981. In the case of Filipino citizens residing abroad, the tax amnesty return shall be filed with the nearest Philippine Embassy or Consulate abroad or with the Office of the Commissioner of Internal Revenue.

The amnesty return must show the amount of untaxed income and/or wealth for each year and the corresponding tax due thereon.

SEC. 5. Payment of Tax on Installment. — The tax due as disclosed by the taxpayer in his return must be paid at the time of the filing thereof. If the total tax due exceeds P50,000, the same shall be paid in accordance with the following schedule:

- a. If the amount due exceeds P50,000 but does not exceed P100,000, the tax may be paid in two equal installments, the first installment to be paid upon the filing of the return and the second installment, on or before January 31, 1982;
- b. If the amount due exceeds P100,000, the tax may be paid in three equal installments as follows:
 - i) The first installment shall be paid upon the filing of the return;
 - ii) The second installment shall be paid on or before January 31, 1982; and
 - iii) The third installment shall be paid on or before March 31, 1982.
- c. In meritorious cases where the total amount due exceeds P300,000.00, the Commissioner of Internal Revenue or the Revenue Regional Director may, upon proper application, allow the taxpayer to pay the P300,000.00 in accordance with the immediately preceding schedule and the amount in excess thereof in equal monthly installments beginning June 30, 1982, up to but not later than September 30, 1982.