

# [ PRESIDENTIAL DECREE NO. 1740, September 17, 1980 ]

## **CONDONING PENALTIES FOR CERTAIN VIOLATION OF THE INCOME TAX LAW UPON VOLUNTARY DISCLOSURE OF UNDECLARED INCOME FOR INCOME TAX PURPOSES AND REQUIRING PERIODIC SUBMISSION OF NET WORTH STATEMENT.**

**WHEREAS**, the Bureau of Internal Revenue has launched an extensive and thorough investigation of income tax returns for the purpose of ferreting out individuals who have undeclared their net taxable income for the years 1974 to 1979;

**WHEREAS**, individuals who, after investigation, are found to have incorrectly paid their income tax liabilities for the aforesaid years through deliberate failure to report taxable income, willful understatement of gross income or intentional filing of claims for fictitious deductions or exemptions, will be assessed the 50% fraud penalty and thereafter will be prosecuted for purposes of seeking their conviction;

**WHEREAS**, there is a substantial number of individuals who have evaded payment of income taxes and who are now amenable to the filing of amended tax returns where they will voluntarily declare their true and correct taxable income if given the opportunity to do so without the payment of the corresponding surcharges, penalties and interests;

**WHEREAS**, there is an urgent need to up-date the government's statistics on the assets, liabilities and net worth of taxpayers in the country for purposes of tax and economic development planning;

**WHEREAS**, the statement of assets, liabilities and net worth filed by taxpayers under Presidential Decrees Nos. 379 and 631 is considered by the government for tax purposes, as their true and accurate net worth as of January 1, 1974 and any unexplained increase in their respective net worth after that date shall be presumed as taxable income in the year when such increase occurred, was established or discovered.

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

**SECTION 1.** *Voluntary Disclosure of Correct Taxable Income.* – Any individual who, for any of all the taxable years 1974 to 1979, had failed to file a return is hereby allowed to file a return for each of the aforesaid taxable years and accurately declare therein the true and correct income, deductions and exemptions and pay the income tax due per return. Likewise, any individual who filed a false or fraudulent return for any taxable year in the period mentioned above may amend his return and pay the correct amount of tax due after deducting the taxes already paid, if any, in the original declaration.

**SEC.2.** *Coverage.* – The provisions of this Decree shall apply to income tax liabilities covering the period 1974 to 1979, inclusive, except the following:

- a. Criminal cases already filed in Court or with the Fiscal's Office on or before the effective date of this Decree;
- b. Income tax cases involving civil liability which are the subject of a pending criminal action in the Fiscal's Office or the Court prior to the effectivity of this Decree;
- c. Withholding tax at source liabilities provided for in Section 53, 54 and Chapter XI of Title II of the National Internal Revenue Code; and
- d. Deficiency income taxes assessed on or before the effectivity of this Decree.

**SEC. 3. *Time and Manner of Filing of Return and Payment of Tax.*** – The income tax return, amended or original, shall be filed and the tax due thereon paid in the same manner as provided for under the pertinent provisions of the National Internal Revenue Code and Regulations, or or before March 15, 1981.

**SEC. 4. *Payment of Tax on Installment.*** – If the tax due exceeds P50,000, the same shall be paid in accordance with the following schedule:

- a. If the amount due to 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 May 15, 1981.
- b. If the amount due to 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 May 15, 1981; and
  - iii) The third installment shall be paid on or before June 15, 1981.
- c. If any installment payment is not paid on the due date of said installment, the whole unpaid amount will become due and demandable and shall be subject to interest and penalties imposed under the Tax Code. The corresponding letter of demand and assessment notice shall immediately be issued for the collection of the amount due and increments thereon.

**SEC. 5. *Immunity from Penalties.*** – Any individual who voluntarily files a return under this Decree and pays the income tax due thereon shall be immune from the penalties, civil or criminal, under the National Internal Revenue Code arising from failure to pay the correct income tax with respect to the taxable years for which an amended return was filed or for which an original return was filed in cases where no return has been filed for any of the taxable years 1974 to 1979: Provided, however, That these immunities shall not apply in cases where the amount of net taxable income declared under this Decree is understated to the extent of 25% or more of the correct net taxable income.

**SEC. 6. *Filing of net worth statement.*** – (a) Persons required to make a statement of net worth. All individuals, whether a citizen residing in the Philippines or abroad or any alien residing in the Philippines owning assets and/ or properties amounting to P50,000 or more as of December 31, 1979 and who is not required to file a statement of assets, liabilities and net worth under Republic Act No. 3019, as amended by Presidential Decree Nos. 677 and 1288 shall file a sworn statement of assets, liabilities and net worth as of December 31, 1979.

(b) *When and where to file.* – The statement of assets, liabilities and net worth as of December 31, 1979 shall be filed in the form prescribed on or before April 15, 1981. The statement of assets, liabilities and net worth