

# [ PRESIDENTIAL DECREE NO. 1356, April 21, 1978 ]

## **AMENDING SECTION 16 OF THE NATIONAL INTERNAL REVENUE CODE BY AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE UNDER CERTAIN CONDITIONS TO PLACE NATURAL OR JURIDICAL PERSONS UNDER SURVEILLANCE FOR TWO MONTHS FOR THE PURPOSE OF ESTABLISHING A PRIMA FACIE BASIS FOR ASSESSING TAXES FOR THE OTHER MONTHS OF THE SAME OR DIFFERENT TAXABLE YEARS.**

**WHEREAS**, the Bureau of Internal Revenue has conducted surveillance of certain business enterprises for a period of one to two months to determine their true and correct income and/or receipts;

**WHEREAS**, the findings indicate rampant and flagrant nondeclarations and underdeclarations resulting in substantial loss of revenue;

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

**SECTION 1.** Section 16 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

**"SEC. 16.** *Power of Commissioner of Internal Revenue to make assessments.*—When a report required by law as a basis for the assessment of any national internal revenue tax shall not be forthcoming within the time fixed by law or regulation, or when there is reason to believe that any such report is false, incomplete, or erroneous, the Commissioner of Internal Revenue shall assess the proper tax on the best evidence obtainable.

"The Commissioner of Internal Revenue may place the business operations of any person, natural or juridical, under observation or surveillance for a period of two months to be determined under regulations to be proscribed by the Secretary of Finance if there are reasons to believe that such person is not declaring his correct income and receipts for internal revenue tax purposes. The findings for this period may be used as a basis for assessing the taxes for the other months of the same or different taxable years and such assessment shall be considered *prima facie* correct.

"When it shall come to the knowledge of the Commissioner of Internal Revenue that a taxpayer is retiring from the business subject to taxation, or intends to leave the Philippines, or remove his property therefrom, or hide or conceal his property, or perform any act tending to obstruct the proceedings for collecting the tax for the past or current quarter or year, or render the same totally or partly ineffective unless such proceedings are begun immediately, the Commissioner of Internal Revenue shall declare the tax period of such taxpayer terminated at any time and shall send the taxpayer a notice of such decision, together with a request for the immediate payment of the tax for the tax period so declared