

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill 594



Introduced by **Representatives Mariano Michael M. Velarde Jr. (BUHAY Party List)**

EXPLANATORY NOTE

In line with the government's thrust of increasing and enhancing revenue collection and prevention of tax fraud, BUHAY Hayaan Yumabong Party List has been trying pass this bill which seeks to require documentation of receipts, invoices, permits, licenses, clearances and official papers that will ensure the full accounting and proper documentation of all business and commercial transactions in the country. Last 15th Congress this Bill passed the Third Reading and was transmitted to the Senate.

This bill involves the use of security paper upon which receipts, invoices, permits, licenses, clearances and all other official papers and documents used by government and private entities are printed. The paper upon which these documents are printed shall be "watermarked" and shall bear the seal of the collecting agencies like the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). In this manner, a fool-proofed way of documenting and verifying the correctness of transactions by mere naked eye examination can be done. Consequently, tax monitoring and collection will be greatly enhanced and strengthened if the use of security water-marked papers in all receipts and other documents will be made a mandatory requirement in all commercial and business transactions.

This will minimize, if not completely eliminate, the use of falsified receipts and other documents in all commercial and business transactions. Thus, we seek for the approval of this Bill.


REP. MARIANO MICHAEL M. VELARDE Jr.

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“AN ACT REQUIRING ALL GOVERNMENT AGENCIES, INSTRUMENTALITIES, LOCAL GOVERNMENT UNITS, AND GOVERNMENT OWNED AND/ OR CONTROLLED CORPORATIONS (GOCCs) AND ALL PRIVATE ESTABLISHMENTS TO USE SECURITY WATER-MARKED PAPER IN ALL RECEIPTS AND INVOICES, PERMITS, LICENSES, CLEARANCES, OFFICIAL PAPERS OR DOCUMENTS.”

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the *“Use of Security Paper in all Receipts and Invoices, Permits, Licenses, Clearances and Official Paper’s or Documents Act of 2017.”*

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to:

- (a) Enhance tax monitoring and collection;
- (b) Increase revenue collection;
- (c) Avoid tax fraud and graft and corruption in the tax collection efforts.

SEC. 3. Definition of Terms. – The following definition of terms is hereby adopted:

(a) **“Receipt”** is a written admission or acknowledgement of the fact of payment in money, goods, chattels or other settlement between seller and buyer of goods, debtor and creditor, or person rendering services printed in accordance with these regulations.

(b) **“Sales or commercial invoice or delivery receipt”** is a written account of goods or services rendered and the price charged therefor, or a list of goods consigned and the value at which the consignee is to receive them or any other list by whatever name is known which is used in the ordinary course of business evidencing sale and transfer or agreement to sell or transfer of goods and services, e.g. purchase orders, delivery receipts, job orders, provisional and temporary receipts, and others;

c) **“Security paper”** shall refer to a security paper which is made from indigenous materials or water-marked security paper which bear such

authorized security feature duly etched and embedded in the paper or documents.

SEC. 4. Covered Institutions/Establishments. – All government agencies and instrumentalities, including Government-Owned and/or Controlled Corporations, and all Local Government Units and private, shall use water-marked security paper made from indigenous materials or water marked security paper in all receipts, invoices, forms, permits, licenses, clearances, official papers and documents which they issue to all natural and juridical persons transacting business with them.

SEC. 5. Procedure for Printing of Security Paper. – The Bangko Sentral ng Pilipinas (BSP) through its Banknotes and Securities Printing Department (BSPD), in coordination with said government agencies and instrumentalities, GOCC's and LGU's shall develop the procedures such that receipts, invoices, forms, permits, licenses, clearances and other official documents whenever applicable and possible shall be printed on security paper made from indigenous materials or water-marked security paper, the sizes and forms of which shall be uniform.

SEC. 6. Size and Form of Security Water-Marked Paper. - The Department of Finance (DOF), in coordination with the National Printing Office (NPO) shall prescribe and formulate within a period of two (2) months from the effectivity of this Act, the appropriate uniform sizes and forms of security paper to be used for all transactions of all government agencies and instrumentalities, including GOCC's and LGU's.

SEC. 7. Covered Forms. – All receipts, invoices, permits, licenses and clearances and other official documents of all government agencies and instrumentalities, GOCC's and LGU's shall, after a period of six (6) months from the effectivity of this Act, be printed in security paper made from indigenous materials or water-marked security paper: *Provided*, That any such receipts, invoices, commercial documents, permits, licenses and clearances and all other official documents which remain unused and unconsumed after the lapse of said six-month period may still be used: *Provided, further*, that appropriate inventory thereof as confirmed and approved by the BIR is conducted and: *Provided, finally*, That, after a period of six (6) months thereafter, the said unused receipts, invoices, permits, licenses and clearances shall no longer be allowed for use in any transaction in the Philippines.

SEC. 8. Penalty. – Any person who fails to comply with the requirements of this Act, including the parties involved in a transaction where the use of security paper made from indigenous material or water-marked security paper is prescribed, as well as government functionary involved in the monitoring or regulating these transactions, shall be subject to all the appropriate sanctions and penalties provided for in the National Internal Revenue Code and other pertinent laws, rules and regulations.

SEC. 9. Implementing Rules and Regulations (IRR). – The Secretary of the Department of Finance, in consultation with the Director of the NPO, shall promulgate appropriate rules and regulations, including the identification and setting of the standards upon which the security paper shall be sourced and supplied and such other details as would be necessary and appropriate for the effective implementation of this Act.

SEC. 10. **Separability Clause.** – If for any reason any provision of this Act is declared unconstitutional or invalid, the remainder or any provisions hereof not affected thereby shall remain in force and effect.

SEC. 11. **Repealing Clause.** – The provisions of any law, executive orders, presidential decrees or other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 12. **Effectivity.** – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.


MARIANO MICHAEL M. VELARDE Jr.