



Republic of the Philippines Bureau of Internal Revenue

The Philippines: RATE Program (Run After Tax Evaders)

IMF-Japan High Level Tax Conference
For Asian and Pacific Countries

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Tokyo, Japan

RATE Program

- Development of tax fraud / tax evasion cases by the criminal investigation offices of the BIR, including the development of fraud cases from regular audit activities
- Filing of criminal tax cases every other Thursday of the week

Criminal Investigation Office

- Tax Fraud Investigations are done by the:
 - National Investigation Division (within the BIR National Office)
 - Special Investigation Divisions (found in every BIR Regional Office)

Manpower Complement

- At the National Office (National Investigation Division)
 - Total of 73 personnel
 - Headed by a Division Chief & Assistant Division Chief
 - Composed of 2 Sections
 - 36 personnel assigned at the Investigation Section
 - 35 personnel assigned at the Intelligence Operations Section

Sources of Information

- Taxpayers own information
 - Own tax return declarations
 - Own books of accounts
- Information obtained from Third Parties
 - From private sector
 - From other government offices(e.g. land registration office, local government, transportation office)
- Information obtained from intelligence work (e.g. surveillance)

Basis to Compel Production of Documents

- **Section 6 of the National Internal Revenue Code authorizes the Commissioner of Internal Revenue to issue administrative summons (Subpoena Duces Tecum or Subpoena Ad Testificandum) to compel production of evidence and testimony**

Duration of Tax Fraud Investigation

- **Depending on the nature and complexity of the case as well as availability of documents / evidences investigation may range from 1 month to 2 years or even more**

Whistleblower

- Submission of information of tax fraud / tax evasion or violations of the National Internal Revenue Code (Tax Code) is being encouraged
- The Tax Code under Sec 282 provides for an informant reward process (equivalent to 10% of the resulting tax collection but in no case more than P1,000,000)

Institution of Criminal Cases

- All criminal actions before the Court of Tax Appeals (CTA) Division and the regular courts, in the exercise of their original jurisdiction, shall be instituted by the filing of an information in the name of the People of the Philippines, which must be approved by the Commissioner of Internal Revenue.

The above is sanctioned by Section 220 of the NIRC, to wit:

“SEC. 220. Form and Mode of Proceeding in Actions Arising under this Code. — *Civil and criminal actions and proceedings instituted in behalf of the Government under the authority of this Code or other law enforced by the Bureau of Internal Revenue shall be brought in the name of the Government of the Philippines and shall be conducted by legal officers of the Bureau of Internal Revenue but no civil or criminal action for the recovery of taxes or the enforcement of any fine, penalty or forfeiture under this Code shall be filed in court without the approval of the Commissioner.”*

Prosecution of Criminal Actions

- As a general rule, all criminal actions shall be conducted and prosecuted by the public prosecutors of the Department of Justice. In criminal actions involving violation of the National Internal Revenue Code (NIRC) or other laws enforced by the Bureau of Internal Revenue (BIR), the prosecution may be conducted by the duly deputized legal officers of the BIR, under the direction and control of the public prosecutors.

Coordination with Other Agencies

- *The BIR has existing Memorandums of Agreement/s (MOA) with several law enforcement organizations, such as **National Bureau of Investigation (NBI)**, **Criminal Investigation Detective Group (CIDG)** of the PNP and **Anti-Money Laundering Council (AMLC)**.*
- *BIR is also a member of the **National Law Enforcement Coordinating Committee (NALECC)**, which is an organization composed of various enforcement agencies in the Philippines.*

Duration to conclude Tax Fraud Cases (from indictment to sentencing)

- *Based on the cases decided, i.e., Kintanar and Mendez cases, it takes about 4 to 6 years to conclude a tax evasion case.*
- a. From filing of the Complaint with the DOJ up to the resolution of the same-

	Date Filed	Date Resolved by DOJ
Sps Benjamin & Gloria Kintanar	6/3/2005	2/7/2006
Joel C. Mendez	3/10/2005	01/20/2006

Duration to conclude Tax Fraud Cases (from indictment to sentencing)

- b. From Resolution to Court Decision –

	Date Resolved by DOJ	Date Decided by Court
Benjamin Kintanar CTA 030	02/07/2006	8/11/2010
Benjamin Kintanar CTA 031 & 032	02/07/2006	9/27/2010
Gloria Kinatanar CTA 033 & 034	02/07/2006	8/26/2009
Joel C. Mendez CTA 03 & 015	01/20/2006	1/05/2011

RATE Statistics

	FY 2005- 2009	FY 2010	FY 2011
Criminal Investigation Initiated before the DOJ	124	27	60
Prosecution Recommendations / Resolution in favor of the Bureau	10	6	30
Indictment / For filing of Information before the Courts	7	3	22
Conviction	5	5	2
Sentenced (Imprisonment)	1	-	-



Thank You
and Good Day to All!!!