

AMENDING SECTION SEVENTY-THREE OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, BY PRESCRIBING AN INCREASED PENALTY ON FILERS OF FALSE OR FRAUDULENT INCOME TAX RETURNS.

PRESIDENTIAL DECREE NO. 785, August 29, 1975

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WHEREAS, one of the objectives of the proclamation of martial law is for the Government to institute much needed reforms in the existing tax structure in order to promote the social and economic well-being of our people;

WHEREAS, in order to insure the success of said reforms it is imperative that our taxpayers be imbued with a profound sense of discipline and awareness of the penal consequences of any infraction committed by them against our internal Revenue laws, particularly acts of tax evasion which undermine the economic stability of the nation;

WHEREAS, it has been found that the penalty prescribed under existing laws for tax evasion, specifically that embodied in the second paragraph of Section 73 of the National Internal Revenue Code which penalizes the filing of false and fraudulent returns with intent to evade payment of the correct income tax, is disproportionate to the gravity of the offense, such that its efficacy as a penal sanction has now become practically nil.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby decree and order the amendment of the National Internal Revenue Code as follows:

SECTION 1. Section 73 of the National Internal Revenue Code is hereby amended to read as follows:

"SEC. 73. Penalty for failure to file return or to pay tax.—Any one liable to pay the tax, to make a return or to supply information required under this Code, who refuses or neglects to pay such tax, to make such return or to supply such information at the time or times herein specified in each year, shall be punished by a fine of not more than two thousand pesos or by imprisonment for not more than six months, or both. "Any individual or any officer of any corporation, or general co-partnership (compania colectiva), required by law to make, render, sign, or verify any return or to supply any information, who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this Code to be made, shall be punished by a fine of not less than Five Thousand Pesos and imprisonment of not less than two years."

SEC. 2. All laws, decrees, executive orders, rules and regulations inconsistent with this Decree are hereby repealed and/or modified accordingly.

SEC. 3. This Decree shall take effect immediately.

Done in the City of Manila, this 29th day of August, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

ROBERTO V. REYES

Acting Executive Secretary

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