

**[ REPUBLIC ACT NO. 7642, December 28, 1992 ]**

**AN ACT INCREASING THE PENALTIES FOR TAX EVASION,  
AMENDING FOR THIS PURPOSE THE PERTINENT SECTIONS OF  
THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

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

SECTION 1. A new paragraph (e) is hereby added to Section 252 of the National Internal Revenue Code, as amended, to read as follows:

"(e) The fines to be imposed for any violation of the provisions of this Code shall not be lower than the fines imposed herein or twice the amount of taxes, interests, and surcharges due from the taxpayer, whichever is higher."

SEC. 2. Section 253 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 253. *Attempt to evade or defeat tax.* - Any person who willfully attempts in any manner to evade or defeat any tax imposed under this Code or the payment thereof shall, in addition to other penalties provided by law, upon conviction thereof, be fined not less than Thirty thousand pesos but not more than One hundred thousand pesos and suffer imprisonment of not less than two years but not more than four years."

SEC. 3. The second paragraph of Section 254 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Any person who attempts to make it appear for any reason that he or another has in fact filed a return or statement, or actually files a return or statement and subsequently withdraws the same return or statement after securing the official receiving seal or stamp of receipt of an internal revenue office wherein the same was actually filed shall, upon conviction therefor, be fined not less than Ten thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than one year but not more than three years."

SEC. 4. Section 255 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Sec. 255. *Penal liability of corporations.* - Any corporation, association, or general co-partnership liable for any of the acts or omissions penalized under this Code, in addition to the penalties imposed herein upon the responsible corporate officers, partners, or employees, shall, upon

conviction for each act or omission, be fined not less than Fifty thousand pesos but not more than One hundred thousand pesos."

SEC. 5. Section 256 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 256. *Penal liability for making false entries, records, or reports.* - (a) Any independent certified public accountant engaged to examine and audit books of accounts of taxpayers under subparagraph (a) of Section 232 and any person under his direction who:

"(1) Willfully falsifies any report or statement bearing on any examination or audit, or renders a report, including exhibits, statements, schedules, or other forms of accountancy work which has not been verified by him personally or under his supervision or by a member of his firm or by a member of his staff in accordance with sound auditing practices; or

"(2) Certifies financial statements of a business enterprise containing an essential misstatement of facts or omission in respect of the transactions, taxable income, deduction, and exemption of his client; or

"(b) Any person who:

"(1) Not being an independent certified public accountant according to subparagraph (B) of Section 232, examines and audits books of accounts of taxpayers; or

"(2) Offers to sign and certify financial statements without audit; or

"(3) Offers any taxpayer the use of accounting bookkeeping records for internal revenue purposes not in conformity with the requirements prescribed in this Code or regulations promulgated thereunder; or

"(4) Knowingly makes any false entry or enters any false or fictitious name in the books of accounts or records mentioned in the preceding paragraphs; or

"(5) Keeps two or more sets of such records or books of accounts; or

"(6) In any way commits an act or omission, in violation of the provisions of this section; or

"(7) Fails to keep the books of accounts or records mentioned in Section 232 in a native language, English, or Spanish, or to make a true and complete translation as required in Section 234 of this Code, or whose books of accounts or records kept in a native language, English, or Spanish, and found to be at material variance with books or records kept by him in another language, shall, upon conviction for each act or omission, be punished by a fine of not less than Thirty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than two years but not more than six years."

SEC. 6. Section 257 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Sec. 257. *Unlawful pursuit of business.* - Any person who carries on any business for which a privilege tax is imposed without paying the tax as required by law shall, upon conviction for each act or omission, be fined not less than Five thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than six months but not more than two years: *Provided, That,* in the case of a person engaged in the business of distilling, rectifying, repacking, compounding, or manufacturing any article subject to excise tax, he shall, upon conviction for each act or omission, be fined not less than Thirty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than two years but not more than four years."

SEC. 7. Section 258 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Sec. 258. *Illegal collection of foreign payments.* - Any person who knowingly undertakes the collection of foreign payments as provided under Section 60 of this Code without having obtained a license therefor, or without complying with its implementing regulations, shall, upon conviction for each act or omission, be fined not less than Twenty thousand pesos but not more than Fifty thousand pesos and suffer imprisonment of not less than one year but not more than two years."

SEC. 8. Section 262 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 262. *Unlawful possession or removal of articles subject to excise tax without payment of the tax.* - Any person who owns and/or is found in possession of imported articles subject to excise tax, the tax on which has not been paid in accordance with law, or any person who owns and/or is found in possession of imported tax-exempt articles other than those to whom they are legally issued shall be punished by:

"(1) A fine of not less than One thousand pesos but not more than Two thousand pesos and suffer imprisonment of not less than sixty days but not more than one hundred days if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles does not exceed One thousand pesos;

"(2) A fine of not less than Ten thousand pesos but not more than Twenty thousand pesos and suffer imprisonment of not less than two years but not more than four years if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties and taxes, of the articles exceed One thousand pesos but does not exceed Fifty thousand pesos;

"(3) A fine of not less than Thirty thousand pesos but not more than Sixty thousand pesos and suffer imprisonment of not less than four years but not more than six years if the appraised value, to be determined in the manner prescribed in the Tariff and Customs Code, including duties