REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

OT-002-2020
01/06/2020
December 6, 2019

DANILO A. LIHAYLIHAY
94 Espejo Avenue, Don Jose Heights
Commonwealth Avenue, Quezon City

Sir:

This refers to your *Application for Reward on the Tax Delinquency Liability of MERALCO covered by C.I. No.* .

In your request, you ask that the Bureau pay you the amount of as informer's reward pursuant to Republic Act (RA) 2338, in relation to O.P. Case No. dated April 3, 2007.

Based on your representation, you filed on 13 January 2006 with the BIR a tax denunciation against the Manila Electric Company (MERALCO) for evading payment of taxes amounting to covering the years 2002 to 2004 on its contracted purchases of energy from the National Power Corporation (NPC).

At the outset, this office reiterates that the Supreme Court in the case of Penid vs. Virata (121 SCRA 166-73), held that:

> *"x x x In essence, what is vital under the above cited legislation and its implementing rule is that the information* ***has led to or had been instrumental in the discovery of the fraud*** *upon or violation of any provisions of the Internal Revenue or Tariff and Custom Law,* ***and that such discovery resulted on the recovery or collections of revenues, surcharges and fees****, x x x"* (Emphasis Supplied)

By principle, in order to qualify for the grant of Informer's reward the following must be present:

a) That the person applying for Informer's reward is not among the persons expressly excluded by law;

b) That the person claiming reward shall voluntarily give definite and sworn information of facts constituting as grounds, which are not yet in the possession of the BIR;

c) That the grounds provided lead to the discovery of frauds upon the internal revenue or customs laws, or violations of any of the provisions thereof;

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d) That the information provided results in the recovery of revenues, surcharges and fees and/or the conviction of the guilty party and/or the imposition of any fine or penalty;

e) That the information required of a case shall not refer to a case already pending or previously investigated or examined by the Commissioner of Internal Revenue or the Commissioner of Customs; and

f) That the reward provided shall be paid under regulations issued jointly by the Commissioner of Internal Revenue and Customs with the approval of the Secretary of Finance.

Considering that the alleged confidential information has not resulted to the recovery of revenues, surcharges and fees and/or the conviction of the guilty party and/or the imposition of any fine or penalty, the conditions for the grant of informer's reward was not fully met.

Thus, the BIR cannot grant your request for failure to show that taxes were actually recovered on account of your information.

Please be guided accordingly.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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