

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 56

**AUTHORIZING THE SECRETARY OF FINANCE TO ORDER THE OPENING OF INCOME TAX RETURNS OF SPECIFIC TAXPAYERS FOR INSPECTION TO EFFECTIVELY IMPLEMENT REPUBLIC ACT NUMBER 10021, OTHERWISE KNOWN AS THE "EXCHANGE OF INFORMATION ON TAX MATTERS ACT OF 2009"**

**WHEREAS**, it is declared as the policy of the State to promote and pursue a tax environment that contributes in sustaining favorable international investment climate and instills confidence in the adequacy and capacity of the country's tax administration to comply with its commitments under existing international conventions or agreements on tax matters;

**WHEREAS**, Republic Act (RA) No. 10021, otherwise known as the "Exchange of Information on Tax Matters Act of 2009" was enacted on 8 March 2010 in order for the government to comply with or commit to the internationally-agreed tax standards required for the exchange of tax information with its tax treaty partners to help combat international tax evasion and avoidance and to help address tax concerns that affect international trade and investment;

**WHEREAS**, Section 4 of RA No. 10021 amended Section 71 of RA No. 8424, otherwise known as the "National Internal Revenue Code of 1997," by providing that income tax returns of specific taxpayers subject of a request for exchange of information by a foreign tax authority pursuant to an international convention or agreement on tax matters to which the Philippines is a signatory or a party thereof, shall be open to inspection upon order of the President subject to rules and regulations as may be prescribed by the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue;

**WHEREAS**, with the enactment and approval of RA No. 10021, the government expects to receive numerous requests for exchange of information from foreign tax authorities involving, *inter alia*, income tax returns of specific taxpayers;

**WHEREAS**, under the doctrine of qualified political agency, except in cases when the President is required by the Constitution or law to act personally or the exigencies of the situation demand that he acts personally, the multifarious executive and administrative functions of the President are performed by and through the executive departments, and the acts of the Secretaries of such departments, performed and promulgated in the regular course of business, are presumptively the acts of the President;



**WHEREAS**, RA No. 10021 does not require that the order to open for inspection of the income tax returns or specific taxpayers subject of a request for exchange of information by a foreign tax authority be done personally by the President; and,

**WHEREAS**, to efficiently carry out the purposes and objectives of RA No. 10021 and in order for the President to attend to more urgent and pressing concerns of the nation, there is a need to delegate to the Secretary of Finance the authority to order the opening for inspection of the income tax returns of specific taxpayers subject of a request for exchange of information by a foreign tax authority.

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Delegated Authority.** The authority to order the opening for inspection of the income tax returns of specific taxpayers subject of a request for exchange of information by a foreign tax authority pursuant to an international convention or agreement on tax matters to which the Philippines is a signatory or party thereof, is hereby delegated to the Secretary of Finance.

**SECTION 2. Issuance of Rules.** The specific rules and regulations that shall govern the opening for inspection of income tax returns of specific taxpayers subject of a request for exchange of information by a foreign tax authority shall be issued by the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue.

**SECTION 3. Use and Confidentiality.** Any information received by a foreign tax authority as a result of the opening for inspection of the income tax returns of specific taxpayers subject of its request shall be treated by the authority as absolutely confidential in nature in the same manner as information obtained by the latter under its laws and regulations and shall be disclosed only to persons or authorities, including courts and administrative bodies, involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by such conventions or agreements.

**SECTION 4. Separability Clause.** If any provision of this Executive Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 5. Repealing Clause.** All orders, rules, regulations, and issuances, or parts thereof, which are inconsistent with this Executive Order, are hereby repealed, amended, or modified accordingly.



**SECTION 6. Effectivity.** This Executive Order shall take effect immediately upon publication in a newspaper of general circulation.

**DONE**, in the City of Manila, this 6th day of September, in the year of Our Lord, Two Thousand and Eleven.



By the President:



**PAQUITO N. OCHOA, JR.**  
Executive Secretary



**CERTIFIED COPY:**



**MARIANITO M. DIMAANDAL**  
**DIRECTOR IV**  
9-9-11 99,9,2011 MALACANANG RECORDS OFFICE