



# ASSET RECOVERY



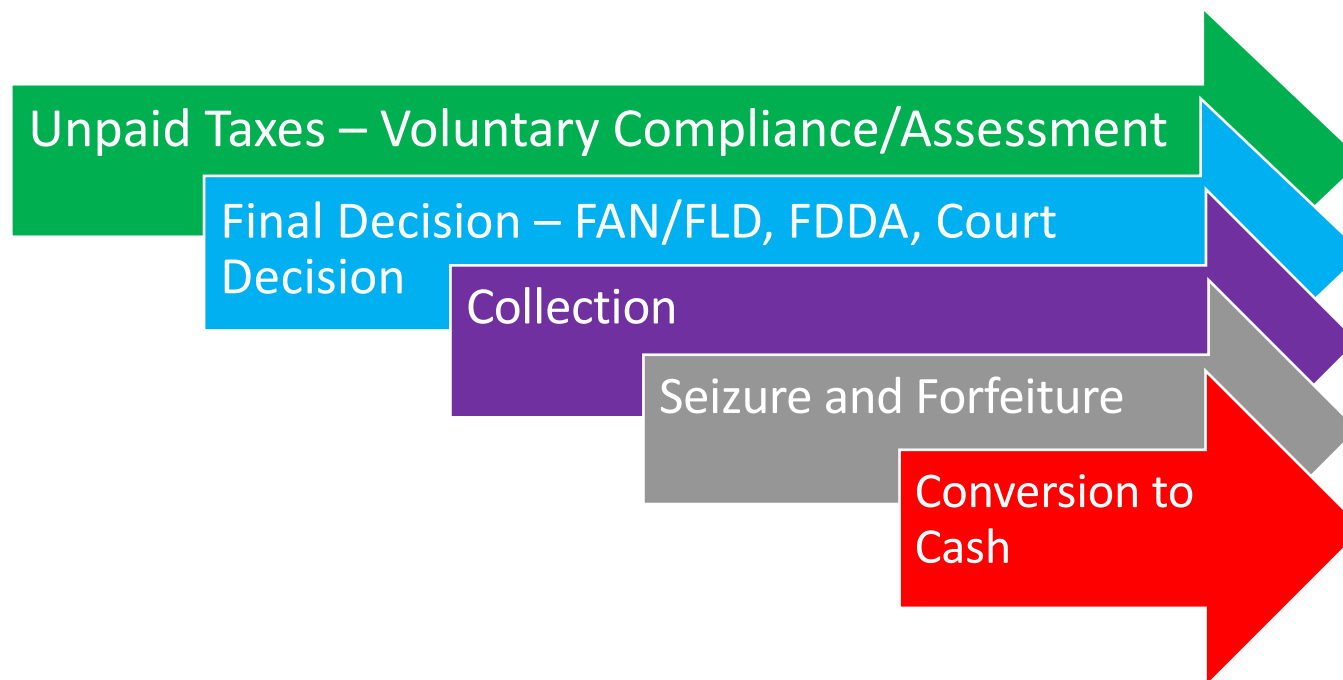
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# Bureau of Internal Revenue

## The Philippines Tax Collection Process





# Warrants and Notices

## WDL - Warrant of Distraint/Levy

- **Distraint** – seizure of someone's property in order to obtain payment of money owed; distraint over personal property of delinquent taxpayer for taxes owed
- **Levy** – over real property owned by delinquent taxpayer for taxes owed



# Warrants and Notices

## **WG - Warrant of Garnishment**

- **Garnishment** - legal process that instructs a third party to deduct payments directly from the delinquent taxpayer's bank accounts, wages, remuneration, etc.

## **NTL - Notice of Tax Lien**

- **Lien** - the right to take another's property if an obligation is not discharged

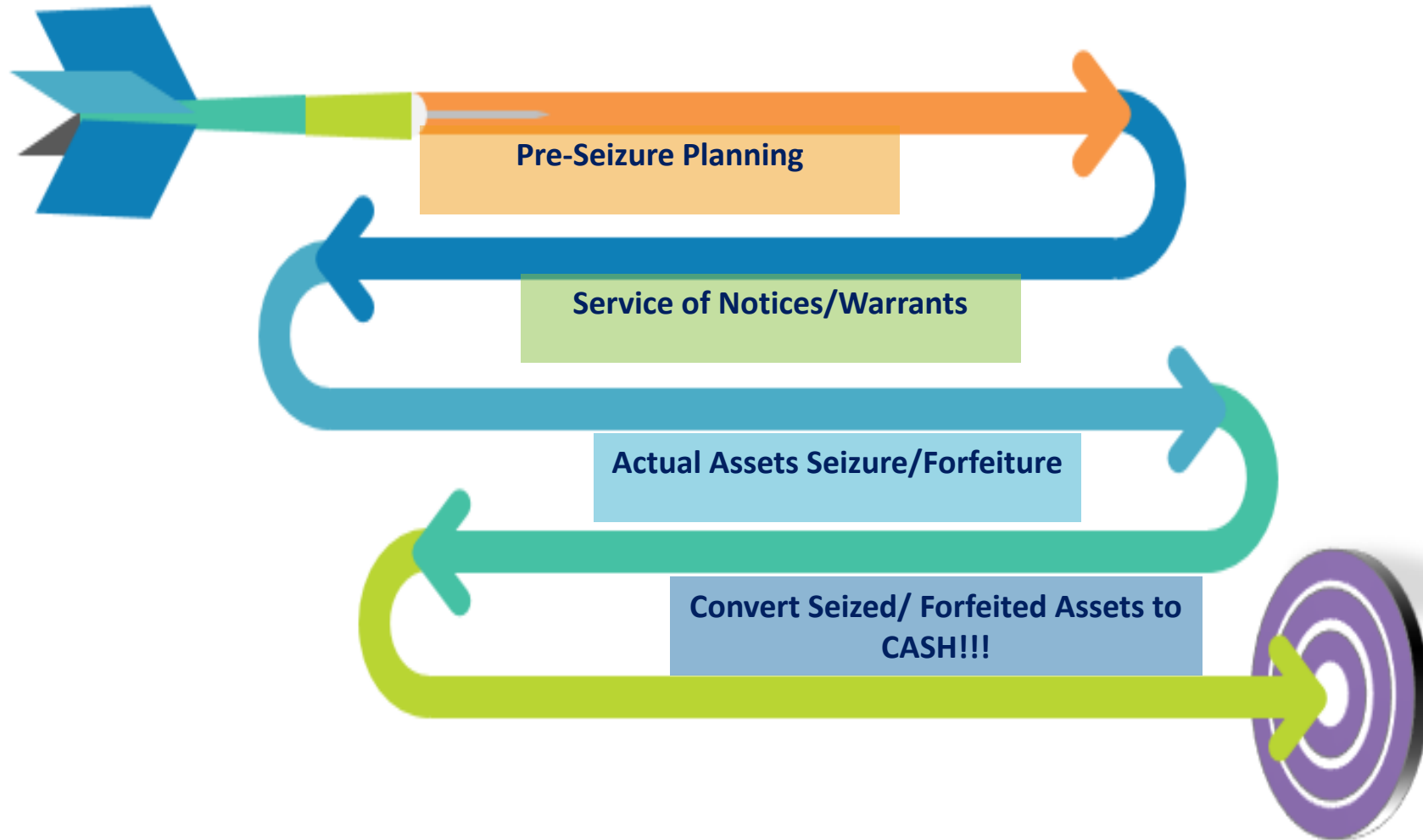


# Warrants and Notices

## NOE - Notice of Encumbrance

- **Encumbrance** - is a claim against a property by a party that is not the owner. An **encumbrance** can impact the transferability of the property and restrict its free use until the **encumbrance** is lifted.

# BIR Seizure Work Process







# Public Auctions





# Case Study – Gold Trader



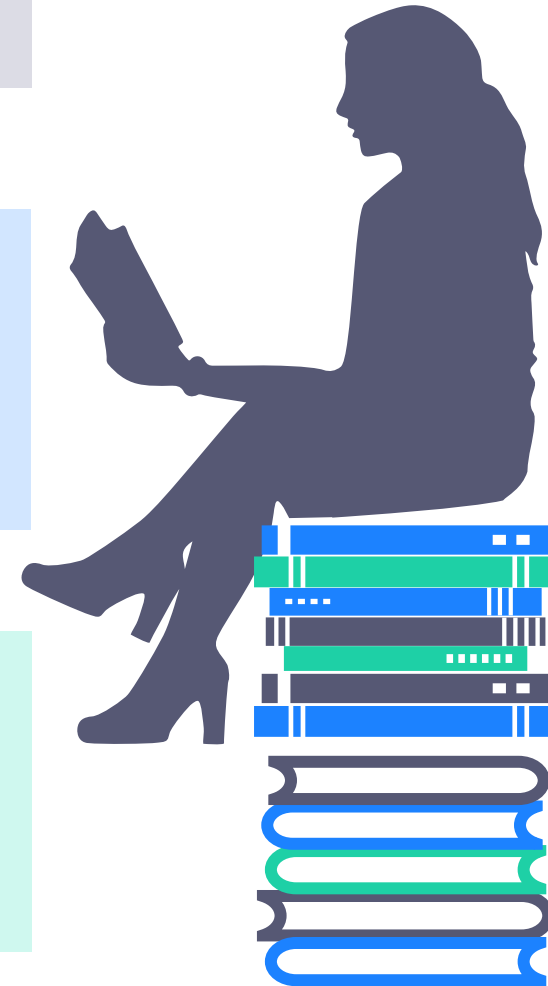
**Target: Gold Trader (GT)**



**Court of Tax Appeals (CTA) sentenced GT to ten (10) years in jail for tax evasion charges for years 2005 to 2009**



**CTA's Third Division ordered GT to pay Php12.2B (US\$254.16M) including interest and penalties to BIR**



# Case Study 2 – Gold Trader



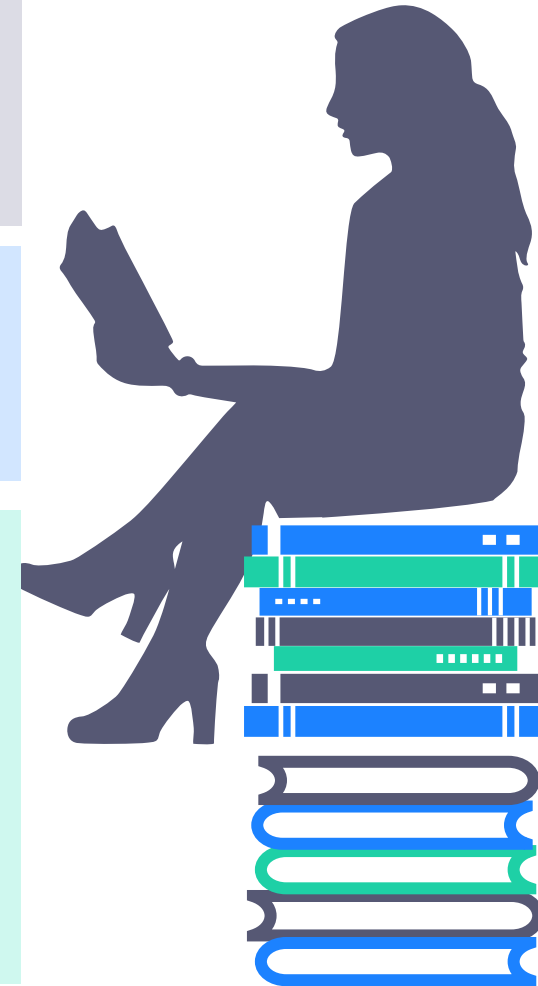
In 2011, BIR filed five (5) counts of tax evasion and five (5) counts for failure to pay correct taxes for unreported income




GT was discovered to have sold Php4.95B (US\$103.13M) worth of gold to BSP




GT admitted during the hearing that he did not report sale of gold to BSP with the knowledge that transaction was exempt from income tax and BSP did not collect withholding taxes



# Case Study 2 – Gold Trader



GT reported only his earnings from his gift shop in Manila



CTA decided that BIR was able to prove beyond reasonable doubt that GT failed to supply the correct information in his tax returns filed;



All efforts resulted to negative results in assets tracing and recovery



GT is at large and cannot be located to date

