



7 April 2011

## BIR FILES TAX RAPS AGAINST MIKEY ARROYO AND WIFE ANGELA

The Bureau of Internal Revenue (BIR) today filed tax evasion cases against Rep. JUAN MIGUEL M. ARROYO, also known as Mikey Arroyo, and his wife MA. ANGELA M. ARROYO at the Department of Justice for attempt to evade or defeat tax, and willful failure to file returns and to pay taxes under Sec. 254 and Sec. 255 of the Tax Code, respectively.

Investigation by the BIR disclosed that the Arroyos bought real, personal and other properties worth several millions from 2004 to 2009, including residential houses in the United States, Lubao, Pampanga and La Vista Subdivision in Quezon City, motor vehicles, stock shares, jewelries, clothes and other personal effects as enumerated in Mr. Arroyo's Statement of Assets, Liabilities and Net Worth (SALN) as of December 31 of the years 2002 to 2009.

Despite receipt of substantial amounts of income, as shown by their acquisition of numerous properties as abovementioned, the Arroyo Spouses repeatedly failed to file any annual Income Tax Return (ITR) and to pay the corresponding taxes due thereon.

Mikey Arroyo did not file his income tax returns for taxable years 2005, 2008 and 2009 while his wife did not file any return from 2003 to 2009. The Arroyos' act of non-filing of their income tax returns is evident of their fraudulent scheme to defeat payment of taxes.

Worse still, a comparison made by the BIR of the Arroyo couple's increase in networth with their reported taxable income using the networth method of investigation first used in the US against gangster Al Capone revealed substantial underdeclaration of income of more than 30% in taxable years 2004, 2006 and 2007. Under the Tax Code, an underdeclaration of taxable income of more than 30% is considered a prima facie evidence of fraudulent return.

For their repeated and willful failure to file their ITRs, and substantial underdeclaration of their income in the periods in question, the Arroyos' were assessed a total tax liability amounting to at least P73.85 million, inclusive of surcharges and interest.

The case against Rep. JUAN MIGUEL M. ARROYO and Spouse MA. ANGELA M. ARROYO is the thirty-seventh (37<sup>th</sup>) filed under the Run After Tax Evaders (RATE) program of the BIR under the leadership of Commissioner Kim S. Jacinto-Henares. (reytldc)

- 30 -

(original signed)

Please refer to: REYMARIE T. DE LA CRUZ, Chief, TIED, 9243245

(original signed)

Approved for Release: ESTELA V. SALES, Deputy Commissioner, Legal and Inspection Group