

Quezon City

April 6, 2011

HON. LEILA M. DE LIMA
Secretary of Justice
Department of Justice
Padre Faura, Manila

SUBJECT: Filing of Criminal Case versus
Spouses JUAN MIGUEL & MA. ANGELA ARROYO

Madam:

I have the honor to refer to you for preliminary investigation and filing of an information in court, if evidence so warrants, the herein attached Complaint-Affidavit, together with its Annexes, of **AURORA FLOR, MARIA LOURDES SANTE, VIRMA CLEMENTE, AMELITA AQUINO, FERDINAND MALONZO, LEONESTO BERNAL and SIXTO C. DY, JR.**, all of Bureau of Internal Revenue (BIR) National Investigation Division, recommending the criminal prosecution of **Spouses JUAN MIGUEL & MA. ANGELA ARROYO** with address at:

Respondent/s	Address/es
Juan Miguel M. Arroyo	#15 Badjao St., La Vista Subd., Katipunan Ave., Q.C.
	House of Representatives Batasang Pambansa Complex, Constitution Hills, Q.C.
Ma. Angela M. Arroyo	#15 Badjao St., La Vista Subd., Katipunan Ave., Q.C.
	#132 Cambridge Circle, North Forbes Park Subd. Makati City

for violation of Sections 254 and 255 of the 1997 National Internal Revenue Code for taxable years 2004 to 2009.

As resident citizens of the Philippines, Mr. & Mrs. Arroyo are mandated by law to declare their estimated income for each taxable year as well as to file the required tax returns and to pay the corresponding taxes due thereon as required by Sections 24(A)(1)(a), 51(A)(1)(a) and 74(A) of the NIRC of 1997.

As an elected public official from year/s 2001 to 2010, Mr. Arroyo is likewise mandated under R.A. 6713 to accomplish and annually submit declarations under oath of his Statement of Assets, Liabilities or Networth (SALN), including that of his spouse and children under 18 years of age who are living in their household.

Despite the receipt of substantial amounts of income as shown by their acquisition of numerous properties declared in the SALN they filed annually, Mr. & Mrs. Arroyo repeatedly failed to file any Annual Income Tax Return (ITR) for taxable years 2005, 2008, and 2009. For taxable years 2004, 2006, and 2007 that Mr. and Mrs. Arroyo filed their ITRs they, nonetheless, substantially understated their income.

These acts of non-filing of ITR and understatement of income by Mr. and Mrs. Arroyo are clear violations of Section 254 and 255 of the 1997 National Internal Revenue Code resulting to deprivation of taxes due to the government, computed as follows:

TAXABLE YEAR	BASIC TAX DUE	SURCHARGE 50%	INTEREST (UP TO APRIL 15, 2011)	DEFICIENCY INCOME TAX
2004	21,717,225.56	10,858,612.78	26,060,670.67	58,636,509.01
2005	101,000.00	50,500.00	101,000.00	252,500.00
2006	3,457,960.00	1,728,980.00	2,766,368.00	7,953,308.00
2007	2,130,129.50	1,065,064.75	1,278,077.70	4,473,271.95
2008	765,000.01	382,500.01	306,000.00	1,453,500.02
2009	636,999.78	318,499.89	127,399.96	1,082,899.63
			TOTAL	73,851,988.61

Thus, **Spouses JUAN MIGUEL & MA. ANGELA ARROYO** are hereby charged with **TAX EVASION AND WILLFUL FAILURE TO SUPPLY CORRECT AND ACCURATE INFORMATION** for taxable years 2004 to 2009 pursuant to Sections 254 and 255, in relation to Sections 24(A)(1)(a), 51(A)(1)(a) and 74(A) of the NIRC of 1997

In support hereof, I am appending herewith the **Complaint-Affidavit**, with attachments, of our Revenue Officers who may be called upon for clarificatory questioning.

ATTYS. CLARO B. ORTIZ, ROSARIO M. PADILLA, HAYLE F. BONILLA, MA. JOAN DEANNA P. QUIJANO, MARIA FLORINDA Z. BACENA and VOLTAIRE S. UY of the Legal Writing and Appearance Group (LWAG) with office address at Rm. 411, 4th Floor, BIR National Office Building, Diliman, Quezon City are hereby designated to represent this Bureau in the preliminary investigation and prosecution of the case, who may be furnished with all the notices of the proceedings to be taken thereon at the above-mentioned address.

This constitutes as authority and approval for the filing and institution of the foregoing criminal complaint and the corresponding filing of the information

before the appropriate court pursuant to the provisions of Section 220 of the 1997 NIRC, as amended.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

RATE/LWAG

DCIR LIG-EVS	
TA, DCIR-LIG	
CBO	
RMP/HFB	
JPQ/MZB/VSU	