Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th Congress
First Regular Session

HOUSE BILL NO. 779



Introduced by Representative Harlin Cast. Abayon

EXPLANATORY NOTE

A study undertaken by the Center for Research and Communication (CRC) reveals the revenue leakages through tax evasion cost the government close to Php 160 billion pesos in revenue collection for the period 1975 to 1985.

In a World Bank report (1989), the Philippines had the lowest ratio of taxes to GDP.

Among ASEAN countries, the ratios is as follows:

Singapore	26.3 %
Malaysia	24.8%
Indonesia	23.1%
Thailand	16.2%
Philippines	12.9%

Among other countries and economies, comparative ratios are as follows:

France	48.3%
Germany	42.2%
Britain	38.8%
Japan	35.4%
U.S.A.	32.6%
Low Income Economies	17.8%
Lower-middle Income Economies	20.1%
Upper-middle Income Economies	20.2%
High Income Economies	24.4%
Highly Indebted Economies	18.7%

To encourage more taxpayers to file their income tax returns and pays the right amount of taxes, Republic Act No. 7642, providing penalties for tax evasion and related acts and omissions, was enacted.

It is common perception that both the Bureaus of Internal Revenue (BIR) and Customs (BOC) are graft-ridden and corrupt-infested. One of the reasons cited is that despite the significant contribution of these bureaus to national development, its employees are not adequately compensated. The proposed bill, therefore, addresses the compensation and position-classification of revenue and customs officers.

By providing more attractive compensation benefits, the bill seeks to immunize BIR and customs officers from the graft and corrupt practices depriving the government of much needed income and revenue. At the same time those who betray the public trust may be more expeditiously removed from the positions of trust.

A Board of Selection and inquiry for each bureau will be created to handle the recruitment, selection and or removal of revenue and customs officers.

In View of the foregoing, early passage of the bill is earnestly sought.

HARLIN CAST. ABAYON

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AN ACT
DECLARING CERTAINS POSITIONS IN THE BUREAU OF INTERNAL REVENUE AND BUREAU OF CUSTOMS AS PART OF THE CONFIDENTIAL STAFF OF THE APPOINTING OFFICIALS IN SAID BUREAUS AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Any provision of law to the country notwithstanding, all the existing positions of Revenue Officer I, II, III, IV, and V and Customs Officer I and II in the Bureau of Internal Revenue and the Bureau of Customs, respectively, are hereby made part of the confidential staff of the appointing officials in said bureaus.

The nomenclatures of the abovementioned positions are hereby changed to Confidential Revenue Officer I, II, III, IV, and V and Confidential Customs Officer I and II, respectively.

SECTION 2. This Act shall not affect the incumbents of the positions mentioned in the preceding section hereof who hold permanent appointments and shall apply only to the particular positions involved and not to similar position or positions subsequently created. However, only those who accept appointments to the confidential positions shall be entitled to the benefits provided for in Section 4 thereof.

SECTION 3. The positions enumerated under Section 1 shall be treated as confidential in nature and appointees thereto may be removed for lack of confidence on the appointing authority.

SECTION 4. The officers and employees who accept appointments to the confidential positions referred to above shall be entitled to an incentive pay of 1% of their total revenue tax collections for a given period and 2% thereof in excess of their collection targets for the same period.

SECTION 5. An administrative body, to be known as the Board of Selection is hereby created each in the Bureau of Internal Revenue and in the Bureau of Customs. The Members of which shall include one representative each from the Department of Finance and the Civil

Service Commission, the Deputy Commissioners of Internal Revenue/Deputy Commissioners of Customs in charge of administration and a representative from the Confidential Revenue Officer/Confidential Customs Officer Group. Said Boards shall be chaired by the respective Commissioners of both Bureaus.

In accordance with the implementing rules and regulations promulgated pursuant to Section 6, the Board of Selection shall issue policy guidelines and procedures for the recruitment, selection, appointment and promotion of the applicants to said confidential positions.

SECTION 6. The rules and regulations to implement this Act shall be issued by the Commissioners of the Bureau of Internal Revenue and Bureau of Customs, subject to the approval of the Department of Finance and the Civil Service Commission.

SECTION 7. If or an y reason, an y section or provision of this Act declared unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby, shall continue in full force and effect.

SECTION 8. All laws, decrees, orders, rules or regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 9. This Act shall take effect upon its approval.

Approved,