

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1917

INTRODUCED BY THE HONORABLE GERRY A. SALAPUDDIN

EXPLANATORY NOTE

There is an urgent need for an efficient tax policy in the Philippine economy. However, there are times when good tax programs are being stalled due to a policy stalemate resulting from the separation of powers between the Executive and the Legislative. A bill that seeks to establish a Joint Legislative-Executive Tax Commission (JLETC) is thus herein introduced.

A tax policy imposed by the government implicates the whole of the society. There is therefore a need to democratize the formulation of a tax policy. The creation of the JLETC is one way of democratizing (i.e., with the participation of the taxpayers themselves through their elected representatives in the government) the formulation and crafting of the tax policy and programs of the Philippine state. The tax programs to be formulated by the JLETC are strongly grounded with research. In this bill the JLETC shall be empowered to recommend relevant and equitable tax regulations through innovative research and vigilant monitoring of the country's tax policies and tax collection. To ensure the proper implementation of the mandate of the Tax Commission and to properly utilize the resources of the Government, the National Tax Research Center (NTRC) created pursuant to Presidential Decree No. 74 shall form the core of the JLETC.

Envisioned as a deterrent to tax frauds and irregularities while embracing the virtue of honesty in public service, the Tax Commission shall be tasked to formulate policies for the further accumulation of growth, the resolution of budget deficits and government indebtedness, and the fulfillment of financial self-reliance.

Approval of this bill is therefore earnestly sought.


GERRY A. SALAPUDDIN
Representative, Lone District, Basilan

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AN ACT
RESTORING THE JOINT LEGISLATIVE-EXECUTIVE TAX
COMMISSION, STRENGTHENING ITS OBJECTIVES, POWERS, AND
FUNCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. *Name and Domicile.* – There is hereby restored the Joint Legislative-Executive Tax Commission, hereinafter called the Tax Commission for brevity.

SEC. 2. *Purposes and Objectives.* – The Tax Commission shall have the following purposes and objectives:

- (a) To undertake a comprehensive study of the need for additional revenue for accelerated national development and the sources from which this might most equitably be derived;
- (b) To re-examine the existing tax system and tax policy structure;
- (c) To conduct research on taxation for the purpose of improving the country's tax system and tax policy;
- (d) To pass upon all tax measures and revenue proposals;
- (e) To recommend such reforms or revisions as may be necessary to improve revenue collection and administration and to formulate sound tax policy and a more efficient tax structure.

SEC. 3. *Guiding Principles.* – In its deliberations for the revision of the tax policy structure, the Tax Commission shall be guided by the following precepts:

- (1) To avoid increasing the tax burden on the average taxpayer;
- (2) To assess which sectors of the economy are not bearing their proportionate share of the costs of Government;
- (3) To place emphasis on progressive rather than regressive factors in the tax system, with ability to pay as the principal criterion;
- (4) To avoid the impairment and regulate the grant of business incentives;
- (5) To use the tax structure as a legitimate instrument for achieving social and economic justice in the distribution of the fruits of the national economy.

SEC. 4. *Composition and Appointment.* – The Tax Commission shall be composed of the Commission Proper and the Technical Staff.

I. *The Commission Proper* – The powers of the Tax Commission shall be vested in, and exercised by, a governing body consisting of nine (9) Commissioners, five (5) of whom shall constitute a quorum. The nine (9) Commissioners shall be as follows:

- (a) Three (3) Commissioners shall be appointed by the President of the Philippines. Any or all of these members may or may not be members of the Civil Service.
- (b) Three (3) Commissioners shall come from the Philippine Senate, to be appointed by the Senate President. At least one (1) member shall come from the ranks of the minority party.
- (c) Three (3) Commissioners shall come from the House of Representatives, to be appointed by the Speaker of the House. At least one (1) member shall come from the ranks of the minority party.

The Commissioners appointed by the President of the Philippines shall serve a term of six (6) years. Of the Commissioners first appointed by the President, the first shall serve for the entire term, while the second and third Commissioner to serve for four (4) and two (2) years respectively. In case of a vacancy not arising from the expiration of the term of the incumbent Commissioner, the appointee to the vacant position shall serve only the unexpired portion of the term of his or her predecessor.

The Commissioners appointed by the Senate President and the Speaker of the House shall serve until the expiration of their term of office in which they were appointed as Commissioners. In case of a vacancy not arising from the expiration of the term of the incumbent Commissioner, the appointee to the vacant position shall only serve the unexpired portion of the term of his or her predecessor.

The Commissioners shall elect from among their ranks a Chairman and a Vice-Chairman who shall serve for a renewable term of three (3) years each. The Commission may sit *en banc* or in divisions of three (3) members, with each division composed of one (1) representative each from the Commissioners who are Presidential appointees, Commissioners from the Senate, and Commissioners from the House of Representatives.

Any vacancy in the Tax Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

The Commissioners who are members of the civil service shall not receive additional compensation for services rendered in the Commission. Those who do not belong to the civil service shall receive a per diem of Five Thousand Pesos (P 5,000.00) when engaged in the performance of duties vested in the Commission. However, traveling, representation, and other necessary expenses shall be allowed for all Commissioners.

II. *The Technical Staff* – The Technical Staff shall be headed by an Executive Director who shall also serve as the Secretary of the Commission Proper. The Executive Director shall enjoy the rank, salary, and emoluments of a Career Executive Service Officer I. He or she shall be assisted by three (3) Deputy Executive Directors who shall head the Administration, Operations, and Legal Adjudication Departments. The Deputy Executive Directors shall also serve as Secretaries of the Tax Commission when the latter sit in division.

The Administration Department shall consist of the Personnel Office, the General Services Office, and the Finance Office.

The Operations Department shall be comprised of the Planning and Coordinating Office, Direct Taxes Office, Indirect Taxes Office, Fiscal Incentives Office, Local Finance Office, Economics Office, and Tax Statistics Office.

The Legal Adjudication Department shall consist of the Investigation and Intelligence Office, the Prosecution Office, and the Special Research and Technical Office.

SEC. 5. *Powers.* – For carrying out the purposes mentioned in the preceding Section, the Commission Proper, sitting *en banc* or by division, shall be authorized:

- (a) To secure from any department, bureau, office, agency, or instrumentality of Government, such assistance as may be needed, such as but not limited to the detail of officials or employees, technical information, the production of records, and the submission of proposals or plans as it may require;
- (b) To *subpoena* any person to testify before it, or require by *subpoena duces tecum* the production of such books or records as it may require for its tasks;
- (c) To conduct hearings and to take testimonies, to administer oaths of affirmation to witnesses appearing before it, as provided in its Internal Rules and Regulations;
- (d) To appoint and fix the compensation for its personnel in accordance with pertinent laws, rules, and regulations; and
- (e) Generally, to exercise all the powers necessary to attain the purposes for which it is organized.

SEC. 6. *Submission of Report.* – The Tax Commission shall submit its report and recommendations to the President of the Philippines, the Senate President, and the Speaker of the House of Representatives not later than ten (10) days after the opening of every session of Congress.

SEC. 7. *Implementing Rules and Regulations.* – Within thirty (30) days from the effectivity of this Act, the Tax Commission shall promulgate the Implementing Rules and Regulations to effectively implement the provisions of this Act.

SEC. 8. *Appropriations Clause.* – The Tax Commission shall be provided with an initial appropriation of One Hundred Fifty Million Pesos (P 150,000,000.00) to be drawn from the National Government. Appropriations for succeeding year shall be included in the General Appropriations Act. All remaining appropriations due to the NTRC shall be transferred to the Tax Commission.

SEC. 9. *Transitory Provisions.* – All existing personnel and assets of the National Tax Research Center (NTRC) shall be absorbed into the Technical Staff of the Tax Commission.

SEC. 10. *Repealing Clause.* – Presidential Decree No. 74 as well as all other laws, decrees, executive orders, rules and regulations, or parts thereof, that are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,