

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 292

Introduced by **HONORABLE DANILO E. SUAREZ**

EXPLANATORY NOTE

It is a fact that the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) are the primary revenue raising agencies of the Philippine government, with a collection of about 80% of the total revenues. It cannot be overemphasized that improvement in their revenue collection effort should be done to keep up with the ever-increasing expenditures of the country. One of the most critical factors in ensuring that revenue is raised and collection targets are met is the capability of the officials and personnel that comprise these Bureaus.

While several reforms have already been introduced to improve collection, the need for performance and productivity based assessment of the workforce is key to increasing their revenue collection effort. A personnel management system that is performance- and productivity-focused should be adopted. Compensation would be strictly based on the collection of the Bureaus following a hierarchical schedule, thereby encouraging even the lowly-paid employee to move towards the success of revenue collection.

The expectation of commensurate reward is a positive motivation to officials and employees of the Bureaus considering that their efforts and hard work will not be put to waste but will in fact be the gauge of their remuneration. More effort will mean better collection, and better collection will result to higher pay for all officials and employees.

Thus, employees of the Bureaus should be removed from the coverage of Republic Act No. 6758, otherwise known as the Salary Standardization Law, and their compensation be based solely on annual collection of their respective agencies. Needless to state, the BIR and the BOC will be encouraged to exert all efforts and use all means to improve collection, at the same time promote efficiency in their employees' performance. With the aforementioned, the approval of this bill is earnestly sought.



DANILO E. SUAREZ

Representative

Third District, Province of Quezon

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AN ACT EXEMPTING THE BUREAU OF INTERNAL REVENUE AND BUREAU OF CUSTOMS FROM THE COVERAGE OF REPUBLIC ACT NO. 6758, OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW WITH THEIR ANNUAL COLLECTIONS TO BE USED AS BASIS FOR SALARIES AND BONUSES OF OFFICIALS AND EMPLOYEES AND FOR OTHER PURPOSES

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

SECTION 1. *Declaration of Policy.* It is the policy of the State to reform tax administration to meet the fiscal needs of government and ensure efficient and effective collection of taxes and duties by employing and maintaining competent and professional revenue officials and personnel to enforce the Philippine internal revenue tax system.

Towards this end, the State shall exempt the officials and employees of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) from the coverage of Republic Act 6758, otherwise known as Salary Standardization Law and to use tax and duties collection as basis for their remuneration.

SECTION 2. *Exemption from salary standardization.* The BIR, BOC and their employees shall be exempt from the coverage of the Salary Standardization Law.

SECTION 3. *Basis of compensation.* The compensation schedule of officials and employees shall be based on a comprehensive job analysis and evaluation of actual duties and responsibilities of their officers and employees vis-à-vis the tax and duties collection of the BIR and BOC of the preceding year, as approved by the Department of Budget and Management, subject to periodic review by the BIR and BOC, in consultation with the Department of Finance and Civil Service Commission: *Provided, however,* That the total personnel budget of the BIR and BOC shall not be more than sixty percent (60%) of its total operating budget. Annual collection targets shall be used to determine increases or decreases in compensation.

SECTION 4. *Implementing Rules and Regulations.* The BIR and the BOC shall promulgate the Implementing Rules and Regulations for this Act within ninety (90) days from approval hereof.

SECTION 5. *Appropriation Clause.* The amount necessary to implement this Act shall be included in the General Appropriations Act of the year following its enactment into law.

SECTION 6. *Repealing Clause.* All laws, decrees, issuances, rules and regulations inconsistent with the provisions of this Act are hereby repealed.

SECTION 7. *Effectivity Clause.* This Act shall take effect within fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.