

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5022**



Introduced by Representative Sharon S. Garin

EXPLANATORY NOTE

A vital aspect of taxation is its administration among the taxpayers in the country. It should thus be of paramount importance to ensure that the Bureau of Internal Revenue (BIR) is staffed by competent, proactive, and professional officials and employees, with integrity and an unbridled sense of nationalism.

At present, the BIR only has a total of 9,292 personnel running the agency's operations nationwide. This is less than 50% of their total allowed *plantilla* allocation of 21,634 employees.¹ For 2015, with more than 27.2 million registered taxpayers, the ratio between taxpayers and BIR personnel assigned to collect and assess are at 1:10,425 and 1:12,602, respectively. Simply put, the BIR severely lacks the needed personnel to provide top-notch taxpayer service and unparalleled tax administration.

Recruitment efforts have proven ineffective in attracting and retaining top talent in accounting, law, and public administration. In recent years, the BIR seems to have become merely a "last option" for professional, technical and skilled job-seekers. The primary reason being the BIR's compensation package cannot compete with those of other agencies and the private sector.

The disparity in compensating our revenueurs would help explain why the BIR is flooded with complaints of personnel who are unprofessional, incompetent, or worse, corrupt. It is believed that the current structure for position and compensation classification only encourages and worsens the current culture of incompetence and corruption. Due to these problems, tax collection suffers and large scale tax evaders get away.

With the end goal of improving tax administration, legislation is required to exempt the Bureau from the coverage of Republic Act No. 6758 otherwise known as the "Compensation and Position Classification Act of 1989", or the "Salary Standardization Law".

It is worthy to note that the Bureau of Customs has been allowed through Section 202 of the Republic Act No. 10863 or the Customs Modernization and Tariff Act to

¹ Executive Order No. 366 (BIR Rationalization Plan)

conduct a compensation study with the end view of developing and recommending to the President a competitive compensation and remuneration system to attract and retain highly qualified personnel. This representation believes that the Bureau of Internal Revenue deserves the same privilege, if not more, for their efforts and for the betterment of tax administration.

With competitive salaries it is expected that corruption of need shall be eliminated, and that more job-seekers shall see the BIR as a worthy employer and revenue collection for the betterment of the Philippines a worthy cause to fight for. The increase in salaries of Bureau officials and employees would also be a symbolic recognition that Tax Administration is a very technical and specialized field. In the end, this measure is seen to reinvigorate the primary revenue collection agency of the government.

In view of the foregoing, the timely passage of this bill is earnestly sought.



REP. SHARON S. GARIN
AAMBIS-Owa Party-List

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**AN ACT EXEMPTING THE BUREAU OF INTERNAL REVENUE
FROM THE COVERAGE OF REPUBLIC ACT NO. 6758,
OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW,
AS AMENDED, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and 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 and ensure efficient and effective collection of taxes by employing and maintaining competent and professional revenue officials and personnel to collect taxes and enforce internal revenue tax laws. Towards this end, the State shall exempt the Bureau of Internal Revenue (BIR) and its employees from the coverage of Republic Act No. 6758, otherwise known as the Salary Standardization Law, as amended.

SEC. 2. *Exemption from Salary Standardization.* – The BIR and its employees shall be exempt from the coverage of the Salary Standardization Law.

The BIR is hereby authorized to formulate its own Compensation and Position Classification System based on the following principles:

(a) BIR personnel shall be paid just and equitable wages in accordance with the principle of equal pay for work of equal value;

(b) Basic compensation for BIR personnel shall generally be comparable with those in the private sector doing comparable work and must be in accordance with prevailing laws on minimum wages;

(c) The BIR Compensation and Position Classification System shall be determined through a comprehensive analysis and audit of actual duties and responsibilities of the Bureau's officials and employees;

(c) The total compensation provided for government personnel must be maintained at a reasonable level in proportion to the national budget; and

(d) A review of government compensation rates, taking into account the performance of the Bureau, its overall contribution to the national economy, and the possible erosion in purchasing power due to inflation and other factors, shall be conducted periodically;

SEC. 3. *Incentives to Bureau Officials and Personnel.* – The Bureau, subject to the approval of the President, may provide for other incentives not provided under existing laws and Civil Service laws.

SEC. 4. *Approval of the President.* – The BIR Compensation and Position Classification System implemented pursuant to this Act shall be approved by the President, and shall be subject to periodic review by the BIR, in consultation with the Department of Budget and Management (DBM), Department of Finance (DoF) and the Civil Service Commission (CSC), not more than once every three (3) years, without prejudice to yearly merit reviews or increases based on performance.

SEC. 5. *Non-diminution of Salaries.* – The BIR Compensation and Position Classification System to be developed and recommended by the BIR, as approved by the President, shall apply to all positions, on full or part-time basis, now existing or hereafter created: *Provided*, That in no case shall there be any diminution in the authorized salaries of incumbent employees of the BIR as of December 31, 2016, upon the implementation of the approved BIR Compensation and Position Classification System.

SEC. 6. *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.

SEC. 7. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, 'all other provisions not affected thereby shall remain valid.

SEC. 8. *Repealing Clause.* - All laws, decrees, issuances, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,