

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session
House Bill No. **5065**



Introduced by Representative Victoria Isabel G. Noel

EXPLANATORY NOTE

More than three-fourths (3/4) of the country's tax revenues are collected by the Bureau of Internal Revenue. The responsibility vested in the Bureau requires an efficient, professional and transparent tax administration that will meet revenue targets and effectively enforce tax laws.

With a total allowed *plantilla* of 21,491 employees¹, the Bureau should be providing top-notch taxpayer service and unparalleled tax administration. However, this is not the case since the BIR lacks needed personnel. In recent years, the BIR seems to have become merely a "last option" for professional, technical and skilled job-seekers. With 27,219,916 registered taxpayers to service, the BIR only has 9,835 in its complement which amounts to a ratio of 2,767 taxpayers to 1 revenue officer.

A number of issues which hound the BIR finds cause in the uncompetitive salary that revenue officers receive. To those seeking employment, the low salary is not commensurate to the intimidating volume of taxpayers and the large amount to be assessed and collected by the Bureau. As such, the BIR has become an employment alternative while job-seekers wait for better jobs, or worse, a last option altogether. With other agencies and the public sector providing more in terms of salary and benefits, the BIR will not be able to attract professionals and technical manpower to join its workforce.

Aside from this, the low salary of revenue employees is seen as a major factor in the cultivation of a culture of corruption of need, the demoralization of current personnel and the deterioration on the institutional knowledge of personnel.

The government must address the needs of the Bureau, lest we sacrifice needed revenues to fund the programs of the government. It should

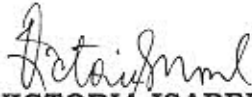
¹ Executive Order No. 366

be highlighted that the government should safeguard the BIR and its employees in its fulfillment of its vital role in nation building.

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 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.

It is thus proposed that the BIR be removed from the coverage of Republic Act No. 6758 otherwise known as the "Compensation and Position Classification Act of 1989", or the "Salary Standardization Law".

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


VICTORIA ISABEL G. NOEL

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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;

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

(e) 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. *Accountability of BIR Personnel.* – To safeguard the integrity of the tax administration and the revenue service, Bureau personnel shall observe the highest level of accountability and ethical standards in the performance of the mandate of their functions in line with the requirements of the Civil Service.

SEC. 7. *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. 8. *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. 9. *Repealing Clause.* – All laws, decrees, issuances, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,