

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

OFFICE OF THE SECRETARY

10 FEB -2 P4:42

SENATE

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COMMITTEE REPORT NO. 831

Submitted by the Committees on Ways and Means; Civil Service and Government Reorganization; and Finance on FEB 02 2010

Re : SB No. 3206

Recommending its approval with amendments, taking into consideration SNo. 2202 and PS Res No. 1381

Sponsors : Senators Lacson, Angara and Zubiri

MR. PRESIDENT:

The Committees on Ways and Means; Civil Service and Government Reorganization; and Finance to which were referred SB No. 3206, introduced by Senator Panfilo M. Lacson, entitled:

**“AN ACT
CREATING THE PHILIPPINE TAX ACADEMY, DEFINING ITS
POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR
AND FOR OTHER PURPOSES”;**

SNo. 2202, introduced by Senator Miriam Defensor Santiago, entitled:

**“AN ACT
CREATING THE NATIONAL REVENUE AUTHORITY, PROVIDING
FUNDS THEREFOR”**

and PS Res. No. 1381, introduced by Sen. Miriam Defensor Santiago, entitled:

**“RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE
REPORTED NEED TO CREATE MEASURES TO PREVENT TAX
COLLECTION PROBLEMS FROM REACHING WORRISOME
LEVELS”**

have considered the same and have the honor to report them back to the Senate with the recommendation that SNo. 3206 be approved with amendments, taking into consideration SNo. 2202 and PS Res. No. 1381 with Senators Lacson, Defensor Santiago, Angara, Trillanes IV and Zubiri as authors thereof. The amendments are as follows:

1. Omnibus amendments:

- Whenever the words "Philippine Tax Academy" appears, change it to "Philippine Tax and Tariff Academy".
- Whenever the phrase "tax collectors" appears, insert the words "AND CUSTOMS DUTIES". The new phrase should read as "tax AND CUSTOMS DUTIES collectors".
- Wherever the words "Department of Finance" shall appear, the acronym (DOF) be added.

2. After Section 4 sub-titled "Purpose", insert a new Section to read as follows:

"SECTION 5. **CORPORATE POWERS.** THE PHILIPPINE TAX ACADEMY SHALL, IN CARRYING OUT THE PURPOSES FOR WHICH IT WAS CREATED, HAVE THE FOLLOWING POWERS:

(A) TO ADOPT, ALTER AND USE A CORPORATE SEAL;

(B) TO TAKE AND HOLD BY BEQUEST, DEVISE, GIFT, PURCHASE, OR LEASE, EITHER ABSOLUTELY OR IN TRUST FOR ANY OF ITS PURPOSES, ANY PROPERTY, REAL OR PERSONAL, WITHOUT LIMITATION AS TO AMOUNT OR VALUE; TO CONVEY SUCH PROPERTY AND TO INVEST AND REINVEST ANY PRINCIPAL, AND DEAL WITH AND EXPEND THE INCOME AND PRINCIPAL OF THE PHILIPPINE TAX ACADEMY IN SUCH MANNER THAT WILL BEST PROMOTE ITS OBJECTIVES;

(C) TO COLLECT, RECEIVE AND MAINTAIN A FUND OR FUNDS, BY SUBSCRIPTION OR OTHERWISE, AND TO APPLY THE INCOME AND PRINCIPAL THEREOF TO THE PROMOTION OF ITS AIMS AND PURPOSES HEREIN BEFORE SET OUT;

(D) TO CONTRACT ANY OBLIGATION, OR ENTER INTO ANY AGREEMENT NECESSARY OR INCIDENTAL TO THE PROPER MANAGEMENT OF ITS CORPORATE POWERS; AND

(E) IN GENERAL, TO CARRY ON ANY ACTIVITY AND TO HAVE AND EXERCISE ALL OF THE POWERS CONFERRED BY THE LAWS UPON PRIVATE OR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS; AND TO DO ANY AND ALL OF THE ACTS AND THINGS HEREIN SET FORTH TO THE SAME EXTENT AS JURIDICAL PERSONS COULD DO, AND IN ANY PART OF THE WORLD, AS PRINCIPAL, FACTORS, AGENT OR OTHERWISE, ALONE OR IN SYNDICATE OR

OTHERWISE IN CONJUNCTION WITH ANY PERSON, ENTITY, PARTNERSHIP, ASSOCIATION OR CORPORATION, DOMESTIC OR FOREIGN.

3. On page 2, Section 5 sub-titled Location, after the word "determine", add the sentence "IT SHALL HAVE FACILITIES FOR INSTRUCTIVE LEARNING AND WORKSHOPS, HOUSING/LODGING AND OTHER FACILITIES TO ACCOMMODATE FACULTY, STAFF, PERSONNEL AND TRAINEES." Likewise, in item number 5, after the word "Academe", add the words "WITH AT LEAST FIVE (5) YEARS OF TEACHING EXPERIENCE FROM A REPUTABLE SCHOOL".
4. On the same page, same section, item letter (b), change the nouns "state universities" to proper noun to read as follows: "**State Universities**".
5. On page 3, same section, item letter (d), add "s" to the word "Member" to change it into its plural form.
6. On the same page, Section 7 sub-titled The Executive Officers, replace the words "Department of Finance Secretary" to "**SECRETARY OF FINANCE**".
7. After Section 7, insert a new section, to read as follows:

"SECTION 8. **INSTITUTES.** – THE PHILIPPINE TAX ACADEMY SHALL HAVE SEPARATE LEARNING INSTITUTES EACH FOR THE BUREAU OF INTERNAL REVENUE, BUREAU OF CUSTOMS AND BUREAU OF LOCAL GOVERNMENT FINANCE, RESPECTIVELY."

8. On the same page, Section 8 sub-titled The Corps of Professional Lecturers, after the last word of the sentence "Trustees" replace the period sign with a comma and add the following phrase "UPON NOMINATION OF ANY MEMBER. THE DISTINGUISHED ENTITIES AND NON-GOVERMENTAL ORGANIZATION MAY ALSO SUBMIT A NOMINEE TO THE CORPS OF PROFESSIONAL LECTURERS AND APPOINTED BY THE CVHAIRPERSON OF THE GOVERNING BOARD. THE REQUIREMENTS AND RESTRICTIONS OF THE CIVIL SERVICE LAW, LAWS, RULES AND REGULATIONS ON POSITION-CLASSIFICATION AND SALARY STANDARDIZATION SHALL BE OBSERVED IN THE APPOINTMENT OF INSTRUCTORS OF THE PHILIPPINE TAX ACADEMY. FOR THE PURPOSE OF FILLING UP THE STAFFING REQUIREMENTS FOR THE CORPS OF PROFESSIONAL

INSTRUCTORS, OFFICERS, EMPLOYEES OR PERSONNEL OF THE DEPARTMENT OF FINANCE, BUREAU OF INTERNAL REVENUE, BUREAU OF CUSTOMS, BUREAU OF LOCAL GOVERNMENT FINANCE AND INSURANCE COMMISSION MAY BE TRANSFERRED TO AND FROM THE ACADEMY AND THEIR RESPECTIVE INSTITUTIONS.

9. On page 3, before Section 9, add a new Section, to read as follows:

“SECTION 10. **STAFF APPOINTMENTS.** - ANY PROVISION OF LAW TO THE CONTRARY NOTWITHSTANDING, APPOINTMENTS TO THE ADMINISTRATIVE OR RESEARCH STAFF OF THE PHILIPPINE TAX ACADEMY MAY BE ON A FULL-TIME OR PART-TIME BASIS, AND SHALL BE COVERED BY THE REQUIREMENTS AND RESTRICTIONS OF THE CIVIL SERVICE LAW, LAWS, RULES AND REGULATIONS ON POSITION-CLASSIFICATION AND SALARY STANDARDIZATION. FOR THE PURPOSE OF FILLING UP THE STAFFING REQUIREMENTS, OFFICERS, EMPLOYEES OR PERSONNEL OF THE DEPARTMENT OF FINANCE, BUREAU OF INTERNAL REVENUE, BUREAU OF CUSTOMS, NATIONAL TAX RESEARCH CENTER AND INSURANCE COMMISSION MAY BE TRANSFERRED TO AND FROM THE ACADEMY AND THEIR RESPECTIVE INSTITUTIONS. “

10. On page 3, Section 9, sub-titled “Authority to Enter Into a Consortium” delete the words “University of the Philippines and replace it with “CENTERS OF EXCELLENCE, CENTERS OF DEVELOPMENT”. Between the words “other training” insert the word “REPUTABLE” .

11. On the same page, Section 10, sub-titled “Income, legacies, gifts, donations”, add the following paragraphs between the first and second paragraph to read as follows:

“IMPORTATIONS OF ECONOMIC, TECHNICAL, VOCATIONAL, SCIENTIFIC, PHILOSOPHICAL, HISTORICAL AND CULTURAL BOOKS, SUPPLIES AND MATERIALS DULY CERTIFIED BY THE BOARD, INCLUDING SCIENTIFIC AND EDUCATIONAL COMPUTER AND SOFTWARE EQUIPMENT, SHALL BE EXEMPT FROM CUSTOMS DUTIES.


“THE PHILIPPINE TAX AND TARIFF ACADEMY SHALL ONLY PAY ZERO PERCENT (0%) VALUE-ADDED TAX FOR ALL TRANSACTIONS SUBJECT TO THIS TAX.


12. On the same page, Section 11 sub-titled Funding, after the paragraph, add the following sentence "THE PHILIPPINE TAX ACADEMY SHALL HAVE THE AUTHORITY TO CONTRACT LOANS, CREDITS AND OTHER INDEBTEDNESS FOR ITS OPERATIONS."

13. On the same page, Section 16, Implementing Rules and Regulations, replace the phrase "shall issue within ninety (90) days the rules and regulations for the effective implementation of this Act" with the following phrase "IN COORDINATION WITH THE BUREAU OF INTERNAL REVENUE AND BUREAU OF CUSTOMS, AND WITH CONSULTATIONS WITH REPRESENTATIVES FROM THE ACADEME, SHALL ISSUE THE IMPLEMENTING RULES AND REGULATIONS WITHIN NINETY (90) DAYS FROM THE EFFECTIVITY OF THIS ACT."

14. Renumber the Sections accordingly.

Respectfully submitted:


EDGARDO J. ANGARA
 Chairman,
 Committee on Finance
 Member, Committee on Ways and Means
 Member, Committee on Finance
 Member, Committee on Civil Service &
 Government Reorganization


JUAN MIGUEL F. ZUBIRI
 Acting Chairman
 Committee on Ways and Means


ANTONIO F. TRILLANES IV
 Chairman, Committee on Civil Service
 and Government Reorganization

Vice-Chairpersons :

JOKER P. ARROYO
 Committee on Finance
 Member, Committee on Ways and Means


MIRIAM DEFENSOR SANTIAGO
 Committee on Finance

LOREN B. LEGARDA
Committee on Finance
Member, Committee on Ways and Means

BENIGNO S. AQUINO III
Committee on Finance
Member, Committee on Ways and Means



GREGORIO B. HONASAN II
Committee on Finance
Member, Committee on Ways and Means

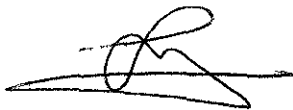
RICHARD J. GORDON
Committee on Finance
Member, Committee on Ways and Means

Members:

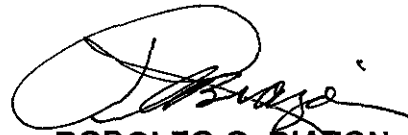
MAR ROXAS
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Committee on Finance



M.A. MADRIGAL
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FRANCIS "CHIZ" G. ESCUDERO
Committee on Ways and Means
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RODOLFO G. BIAZON
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ALAN PETER S. CAYETANO
Committee on Ways and Means
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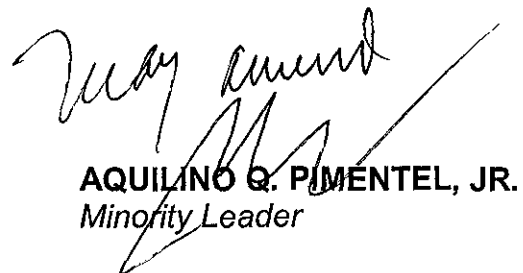

RAMON "BONG" REVILLA, JR.
Committee on Finance


"COMPAÑERA" PIA S. CAYETANO
Committee on Finance

Ex - Officio Members :


JINGGOY EJERCITO ESTRADA
President Pro-Tempore


JUAN MIGUEL F. ZUBIRI
Majority Leader

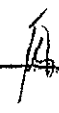

AQUILINO Q. PIMENTEL, JR.
Minority Leader

The Honorable JUAN PONCE ENRILE
Senate President, Senate of the Philippines
Pasay City

SENATE

9 MAY -5 P1:12

S. No. 3206

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Introduced by Senator Panfilo M. Lacson

EXPLANATORY NOTE

It is the policy of the State to develop and enhance our human resources. In particular, in this era of globalization, it is of utmost importance for the country to educate, train, mold, and develop our tax collectors and administrators to become effective and efficient public servants and bread winners of the country.

Taxes are the lifeblood of the government. The increasing needs of a growing population for basic services and the pursuit of socio-economic development necessitate a substantial rise in tax collection. Unfortunately, our tax effort in relation to Gross Domestic Product (GDP) has been declining, i.e., from 16.3% in 1995, 16.9% in 1996, down to only 12.4% in 2004, 13% in 2005, 14.3% in 2006, 14.0% in 2007, and 15.1% in 2008.

It has also been noted that our tax collectors, being bread winners for the country, should be given due importance, particularly in this era of rapid transformation and technological change. They should be equipped with the requisite knowledge, training, skills, and expertise in tax collection, including moral fitness and work ethics.

It is ironic that we have many institutes or academies that provide specialized training in the various aspects of public service, such as: Local Executive Academy, Judicial Academy, Tourism Academy, Philippine Military Academy, Philippine National Police Academy, etc., but we do not have a Tax Institute or Tax Academy to train and develop our tax collectors and administrators.

It is therefore urgent that we create a Philippine Tax Academy that will be staffed by a corps of professional lecturers in the fields of taxation, finance, and revenue administration, among others, to provide the basic theoretical construct and experiential knowledge to prospective and incumbent revenue collectors and administrators.

It is envisioned that in the long run, this will contribute to enhance tax collection efficiency and tax administration in general, thus, raise our tax effort and help arrest our budget deficit. Thus, this bill seeks to create a Philippine Tax Academy, install its structures and functions.

In view of the foregoing, passage of this bill which is a counterpart measure of House No. 6240 is therefore earnestly requested.


PANFILO M. LACSON

SENATE

9 MAY -5 P1:12

S. No. 3206

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Introduced by Senator Panfilo M. Lacson

**AN ACT
CREATING THE PHILIPPINE TAX ACADEMY, DEFINING ITS
POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR
AND FOR OTHER PURPOSES**

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

ARTICLE I

TITLE, DECLARATION OF POLICY AND OBJECTIVES

Section 1. *Short Title.* – This Act shall be known as the “Philippine Tax Academy”.

Section 2. *Declaration of Policy.* - The State recognizes the vital and critical role of tax collectors and administrators in generating the needed government revenues for the country’s total development and progress. It is hereby declared to be the policy of the State to enhance and develop our human resources, particularly in the field of tax collection administration. Hence, creation of a specialized institution that will provide the appropriate education, training skills, and values to tax collectors and administrators.

It is likewise the policy of the State to encourage, train, mold, develop, and professionalize our tax collectors and administrators to become competent, effective, efficient public servants for national interest.

ARTICLE II

ESTABLISHING A PHILIPPINE TAX ACADEMY

Section 3. *The Philippine Tax Academy.* –To achieve the policy and objectives declared in this Act, there shall be established a Philippine Tax Academy, hereinafter referred to as the Academy, which shall be a separate component unit of the Department of Finance (DOF) and shall operate under its administration, supervision and control.

Section 4. *Purpose.* – The Philippine Tax Academy shall serve as the primary training school for selected applicants and continuing good education and training for tax collectors and administrators. For this purpose, it shall provide and

implement a curriculum for tax collectors and administrators, and shall conduct seminars, workshops and other training programs designed to mold, develop, and enhance *their skills and knowledge, moral fitness, efficiency and capability*. It shall perform such other functions and duties as may be necessary in carrying out its mandate.

Section 5. *Location.* -- The Philippine Tax Academy shall be located in Tagaytay City, or in such other place or places as the Department of Finance may determine.

Section 6. *Governing Board.* -- (a) The Philippine Tax Academy shall have a Governing Board to be known as the Board of Trustees, composed of the following:

1. Department of Finance
2. Bureau of Internal Revenue
3. Bureau of Customs
4. Bureau of Local Government Finance
5. Three representatives from the Academe

(b) The Board of Trustees shall be appointed by the President of the Philippines from nominees of the Department of Finance. The representatives coming from the academe shall be appointed from nominees of State Universities or accredited private institutions, chosen based on his/her integrity, probity and proven expertise in the field of taxation and public administration.

(c) The Board Member representing the DOF shall serve as the ex-officio Chairperson of the Board.

(d) The Board Member representing the BIR and BOC shall serve as the ex-office vice-chairpersons.

(e) The members of the Board shall serve for a minimum of three (3) years. In case of vacancy in the Board, the person so appointed or designated shall serve only for the unexpired term. They shall serve without compensation for the performance of their functions but they shall be entitled to reasonable honoraria/allowance pursuant to existing laws and regulations.

The representatives from the Academe must have at least five (5) years teaching experience in taxation, public finance, public administration and have taught in a reputable school for the same number of years.

Section 7. *The Executive Officers* -- The Executive Officials of the Academy shall be composed of a Chancellor, a Vice-Chancellor, and an Executive Director, to be appointed by the Department of Finance Secretary for a term of three (3) years without prejudice to subsequent reappointment.

Section 8. *The Corps of Professional Lecturers* -- The Philippine Tax Academy shall be staffed by a Corps of Professional Lecturers with sufficient knowledge, education, training, and actual experience in taxation, public finance, and revenue administration, among others. A Lecturer shall be nominated by any of the Board of Trustees.

Section 9. *Authority to Enter into a Consortium* – The Philippine Tax Academy may enter into a consortium agreements with the University of the Philippines and other training institutions for the development and implementation of the curriculum, programs for orientation, career development and continuing educations in tax collection, auditing, and administration.

Section 10. – *Income, legacies, gifts, donations.* – All incomes, legacies, gifts, and donations for the benefit of the Philippine Tax Academy or for its support or maintenance shall be exempt from the payment of all forms of taxes, donors and donees' taxes, fees, income tax, real estate, assessments, and other charges of the government, its branches and subdivisions.

All legacies, gifts, donations to the Philippine Tax Academy established under this act shall constitute a special fund to be known as the Tax Academy Fund. This Fund shall be administered and disbursed by the Board of Trustees of the Philippine Tax Academy exclusively for the purposes of this Act.

Section 11. *Funding.* – The amount necessary to carry out the purposes of this Act, including the operation, maintenance and improvement of the Philippine Tax Academy shall be included in the General Appropriations Act and every year thereafter under the program of the Department of Finance.

Section 12. *Auditing.* – The book of accounts of the Philippine Tax Academy shall be subject to periodic audit by the Commission on Audit.

Section 13. *Annual Report.* – The Philippine Tax Academy shall render to the President, the Secretary of Finance and the Committee on Ways and Means of both houses of Congress an annual report of its activities, accomplishments, and recommendations.

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 14. *Implementing Rules and Regulations.* – The Secretary of Finance shall issue within ninety (90) days the rules and regulations for the effective implementation of this Act.

Section 15. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, policies, programs or parts thereof, that are inconsistent with any of the provisions of this Act, are hereby repealed, amended or modified accordingly.

Section 16. *Separability Clause.* – If for any reason, any section or provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof which are not affected hereby, shall continue in full force and effect.

Section 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,