

'19 JUL 24 P5:09

SENATE
S. B. No. 766

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Introduced by Senator SONNY ANGARA

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

EXPLANATORY NOTE

The Bureau of Internal Revenue (BIR) performs one of the most critical functions of the government: the collection of revenue to defray the necessary expenses of government in order to deliver basic services and address the basic needs of the Filipino people, such as education, healthcare, infrastructure and national defense. Despite this fact, the BIR chronically suffers from lack of competent personnel. Currently, the BIR has an allowed *plantilla* of 21, 645 employees. Of this, however, only 10, 671 has been filled.¹

For quite sometime, the government has suffered losses due to tax leakages brought about by aggressive tax avoidance schemes or worse, tax evasion by unscrupulous taxpayers, sometimes in collusion with corrupt revenue officials. More often than not, incidences of corruption were brought upon by dire financial needs of involved revenue employees, given the salaries they are currently receiving. Thus, there is a need for keeping our tax administrators honest, competitive, and professional.

In fact, BIR employees should be enjoying higher pay considering the importance of their duties. Data shows that an entry level revenue officer in the BIR receives P20,754.00 a month and an entry level accountant in the BIR receives P22,938.00 a month, while those of the same rank in the Securities and Exchange Commission (SEC) and the Insurance Commission (IC) receives P50,238.00 and

¹ Source: Staffing Summary 2019 -
<https://www.dbm.gov.ph/wp-content/uploads/Staffing/STAFFING2019/DOF/C.pdf>

P46,104.00, respectively. For lawyers, the entry level salary in the BIR amounts to P40,637.00 while entry level lawyers in the SEC and IC are paid P53,754.00 and P66,524.00, respectively. Due to the comparatively lower wages, professionals such as experienced accountants and lawyers usually leave the BIR after a few years for "greener pastures", so to speak. Moreover, given these conditions, prospective applicants for government positions usually go for higher paying agencies or branches such as the Judiciary or the Public Attorney's Office, to name a few.

Such glaring disparity in compensating our revenue officers would likely explain why the BIR is flooded with complaints regarding BIR personnel who are unprofessional, incompetent, or worse, corrupt. The current structure for position and compensation classification only encourages and worsens the current system of incompetence and corruption. Due to these problems, efficient tax administration suffers.

This bill, therefore, seeks to address this urgent concern through the removal of the BIR from the coverage of Republic Act No. 6758 otherwise known as the "*Compensation and Position Classification Act of 1989*", or the "*Salary Standardization Law*".

The provision of competitive salaries and the professionalization in the BIR is expected to effectively eliminate corruption and attract young and idealistic professionals who can revitalize the BIR translating into better tax administration and enforcement.

In view of the foregoing, it is proposed that the Bureau of Internal Revenue be exempted from the coverage of Republic Act No. 6758 otherwise known as the "*Compensation and Position Classification Act of 1989*", or the "*Salary Standardization Law*".



SONNY ANGARA

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

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

1 Section 1. *Declaration of Policy.* – It is the policy of the State to reform tax
2 administration and ensure efficient and effective collection of taxes by employing and
3 maintaining competent and professional revenue officials and personnel to collect
4 taxes and enforce internal revenue tax laws. Towards this end, the State shall exempt
5 the Bureau of Internal Revenue (BIR) and its employees from the coverage of Republic
6 Act No. 6758, otherwise known as the Salary Standardization Law, as amended.

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

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

- 11 a) BIR personnel shall be paid just and equitable wages in accordance with the
12 principle of equal pay for work of equal value;
13 b) Basic compensation for BIR personnel shall generally be comparable with those
14 in the private sector doing comparable work and must be in accordance with
15 prevailing laws on minimum wages;

- 1 c) The BIR Compensation and Position Classification System shall be determined
2 through a comprehensive analysis and audit of actual duties and responsibilities
3 of the Bureau's officials and employees;
- 4 d) The total compensation provided for government personnel must be
5 maintained at a reasonable level in proportion to the national budget; and
- 6 e) A review of government compensation rates, taking into account the
7 performance of the Bureau, its overall contribution to the national economy,
8 and the possible erosion in purchasing power due to inflation and other factors,
9 shall be conducted periodically;

10 Sec. 3. *Incentives to Bureau Officials and Personnel.* – In addition to the
11 rewards and incentives as provided under Republic Act No. 9335 otherwise known as
12 the Attrition Act of 2005, the Bureau, upon recommendation of the Secretary of
13 Finance and subject to the approval of the President, may provide for other incentives
14 not provided under existing laws and Civil Service laws.

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

21 Sec. 5. *Non-diminution of Salaries.* – The BIR Compensation and Position
22 Classification System to be developed and recommended by the BIR, as approved by
23 the President, shall apply to all positions, on full or part-time basis, now existing or
24 hereafter created: *Provided,* That in no case shall there be any diminution in the
25 authorized salaries of incumbent employees of the BIR as of December 31, 2018, upon
26 the implementation of the approved BIR Compensation and Position Classification
27 System.

28 Sec. 6. *Appropriations.* – The amount necessary to implement this Act shall be
29 included in the General Appropriations Act of the year following its enactment into
30 law.

1 Sec. 7. *Separability Clause.* – If any portion or provision of this Act is
2 subsequently declared invalid or unconstitutional, other provisions hereof which are
3 not affected thereby shall remain in full force and effect.

4 Sec. 8. *Repealing Clause.* – All other laws, acts, presidential decrees, executive
5 orders, presidential proclamations, issuances, rules and regulations, or parts thereof
6 which are contrary to or inconsistent with any of the provisions of this Act are hereby
7 repealed, amended, or modified accordingly.

8 Sec. 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its
9 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,