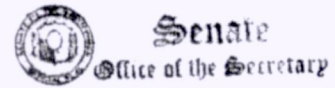


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE  
S. B. No. 767

'19 JUL 24 P5:10

RECEIVED BY:

Introduced by Senator SONNY ANGARA

**AN ACT**  
**EXEMPTING THE BUREAU OF CUSTOMS 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 Customs (BOC) performs three crucial functions of government: collection of revenues to fund government programs, ensuring border protection, and to improve trade facilitation. However, the geographical landscape of the Philippines makes it difficult for Customs personnel to adequately perform its mandate. This is compounded by the fact that the BOC suffers from lack of necessary equipment and competent personnel to ably monitor more than 17 ports and sub-ports, which facilitate more than US\$182 billion in trade<sup>1</sup>. Currently, the BOC has an allowed *plantilla* of 6,264 employees, but only 2,726 positions<sup>2</sup> are filled.

Due to the shortage of competent personnel, the government has suffered substantial losses brought about by smuggling, misdeclaration, misclassification and undervaluation of goods and other schemes employed by unscrupulous taxpayers. These corrupt practices are sometimes made in collusion with errant Customs officials.

In order to address problems in the BOC, the Congress passed Republic Act (RA) No. 10863 or the "*Customs Modernization and Tariff Act (CMTA)*" on May 30, 2016. The CMTA aims to modernize Customs rules and procedure for faster trade, reduce opportunities for corruption, improve Customs service delivery and supply chain by adopting some of the world's best Customs practices. Part of the CMTA

<sup>1</sup> Source: PSA data PH external trade - <https://psa.gov.ph/content/highlights-2018-annual-report-international-merchandise-trade-statistics-philippines>

<sup>2</sup> Source: Staffing Summary 2019 - <https://www.dbm.gov.ph/wp-content/uploads/Staffing/STAFFING2019/DOF/B.pdf>

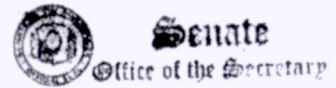
amendments is for the BOC to conduct a compensation study with the end view of developing and recommending to the President a competitive compensation and remuneration system.

This bill, therefore, seeks to further strengthen the BOC through its removal from the coverage of Republic Act No. 6758 otherwise known as the "*Compensation and Position Classification Act of 1989*", or the "*Salary Standardization Law*". With competitive salaries, it is expected that corruption will be eliminated and will attract and retain young and highly qualified professionals to provide improved Customs administration and to enhance enforcement.

In view of the foregoing, it is proposed that the Bureau of Customs 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*".

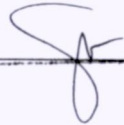


**SONNY ANGARA**



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**STANDARDIZATION LAW, AS AMENDED, AND FOR OTHER PURPOSES**

*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  
3 and maintaining competent and professional customs officials and personnel to  
4 collect taxes and enforce customs tax laws. Towards this end, the State shall exempt  
5 the Bureau of Customs (BOC) and its employees from the coverage of Republic Act  
6 (RA) No. 6758, otherwise known as the Salary Standardization Law, as amended.

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

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

- 11 a) BOC 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 BOC personnel shall generally be comparable with  
14 those in the private sector doing comparable work and must be in accordance  
15 with prevailing laws on minimum wages;

- 1 c) The BOC Compensation and Position Classification System shall be  
2 determined through a comprehensive analysis and audit of actual duties and  
3 responsibilities 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  
9 factors, 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  
14 incentives not provided under existing laws and Civil Service laws.

15 *Sec. 4. Approval of the President.* – The BOC 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 BOC, in consultation with  
18 the Department of Budget and Management (DBM), Department of Finance (DOF)  
19 and the Civil Service Commission (CSC), not more than once every three (3) years,  
20 without prejudice to yearly merit reviews or increases based on performance.

21 *Sec. 5. Non-diminution of Salaries.* – The BOC Compensation and Position  
22 Classification System to be developed and recommended by the BOC, as approved  
23 by the President, shall apply to all positions, on full or part-time basis, now existing  
24 or hereafter created: *Provided,* That in no case shall there be any diminution in the  
25 authorized salaries of incumbent employees of the BOC as of December 31, 2018,  
26 upon the implementation of the approved BOC Compensation and Position  
27 Classification 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,  
5 executive orders, presidential proclamations, issuances, rules and regulations, or  
6 parts thereof which are contrary to or inconsistent with any of the provisions of this  
7 Act are hereby 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,