

24 JUL -3 P2:15

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

RECEIVED BY: 

SENATE
S. B. No. 2719

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 "COMPENSATION AND
POSITION CLASSIFICATION ACT OF 1989", AS AMENDED

EXPLANATORY NOTE

This bill seeks the removal of the Bureau of Internal Revenue (BIR) from the coverage of Republic Act No. 6758, otherwise known as the "Compensation and Position Classification Act of 1989," as amended

The BIR performs one of the most critical functions of the government – the collection of taxes necessary for the government to fulfill its mandate of uplifting the lives of the Filipino people. Without taxes, the government could not provide for the basic needs of the Filipinos, such as education, healthcare, infrastructure, and national defense.

Taxation is a highly technical field that requires mastery not only of laws but also of accounting principles. The BIR must adopt international standards to ensure the accuracy, fairness, and transparency of its tax collection processes.

In 2012, the BIR had an authorized plantilla of 21,482 positions, and only 47% filled up. At that time, the Bureau was serving 20,833,287 registered taxpayers.

The total number of registered taxpayers has now grown to 49,318,497 or 237% increase compared to 2012 and to date, the BIR only has 15,666 employees, which is seventy-three percent (73%) of its authorized staffing.

The plantilla for authorized positions established 12 years ago no longer meets the current needs of the Bureau and the demands of the taxpayers, emphasizing the

necessity for highly effective, efficient, and competitive employees to carry out their mandated duties and functions. This is the current situation notwithstanding the continuous efforts of the BIR to hire revenue personnel.

In this light, job-seekers nowadays exhibit a preference for employment opportunities in the private sector or with other government agencies/instrumentalities, and that one of the contributory factors is the current compensation package of the BIR.

Note that an entry-level accountant for the BIR receives PhP29,165.00 a month, whereas in the Securities and Exchange Commission (SEC), an agency attached to the Department of Finance similar to the BIR, and the Commission on Audit (COA), such position receives PhP60,206.00 and PhP71,511.00 per month, respectively. On the other hand, for lawyers, the entry-level salary in the BIR amounts to PhP46,725.00, whereas in the SEC and COA, they are paid PhP64,505.00 and PhP80,003 per month, respectively. Administrative staff salaries are also lower in comparison to those in similar agencies. Considerably low wages, professionals tend to work with other agencies/companies or, if they have joined the BIR, they leave after a few years in pursuit of a "greener pasture." In 2022, transferees to COA represented 50% of the total transferees among the top 3 agencies where BIR employees have transferred.

Moreover, the BIR's role has been critically highlighted during the pandemic, where tax collection was crucial for funding the government's response to the crisis. Despite the pandemic, BIR employees were not allowed to work from home due to the essential nature of their functions. Digitalization of tax processes does not equate to reduction of the need for personnel, especially with the increasing complexity of tasks and demands for frontline services from the taxpayers.

Considering the deep-rooted Filipino values of prioritizing and sustaining the financial well-being of their families, particularly in the current economic status of the country, enhancing the compensation package offered by the BIR would serve as a strong incentive for highly skilled individuals in the Philippines to consider joining the BIR and effectively fulfill their duties to the Filipino people. Moreover, the provision of a competitive compensation package would enable employees to concentrate on their responsibilities without the burden of financial concerns. This measure would also help in

the mitigation, if not, reduction of corruption within the BIR. Consequently, the Bureau would be guaranteed to achieve operational effectiveness, efficiency, and a high level of competence, particularly in tax administration, enforcement and collection.

Ultimately, this measure will make tax collecting more efficient, there-by improving the ability of the government to provide essential services to the Filipino people. In order to address the above urgent concerns of the BIR, we humbly propose that the BIR be exempted from the coverage of Republic Act No. 6758, otherwise known as the "Compensation and Position Classification Act of 1989."

Hence, in view of the foregoing, passage of this bill is earnestly sought.



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POSITION CLASSIFICATION ACT OF 1989", AS AMENDED

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 taxes
4 and enforce internal revenue tax laws. Towards this end, the State shall exempt the
5 Bureau of Internal Revenue (BIR) and its employees from the coverage of Republic Act
6 No. 6758, otherwise known as the "Compensation and Position Classification Act of 1989",
7 as amended.

8 Sec. 2. *Exemption from Salary Standardization.* – The BIR and its employees shall
9 be exempt from the coverage of the Salary Standardization Law. The BIR is hereby
10 authorized to formulate its own Compensation and Position Classification System based
11 on the following principles:

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

- 1 (b) Basic compensation for BIR personnel shall generally be comparable with
2 those in the private sector and also with the public sector doing comparable
3 work and must be in accordance with prevailing laws on minimum wages;
- 4 (c) The BIR Compensation and Position Classification System shall be
5 determined through a comprehensive analysis and audit of actual duties
6 and responsibilities of the Bureau's officials and employees;
- 7 (d) The total compensation provided for government personnel must be
8 maintained at a reasonable level in proportion to the national budget; and
- 9 (e) A review of government compensation rates, taking into account the
10 performance of the Bureau, its overall contribution to the national economy,
11 and the possible erosion in purchasing power due to inflation and other
12 factors, shall be conducted periodically.

13 All positions of the Bureau shall be governed by a compensation and position
14 classification system and qualification standards approved by the Bureau comparable with
15 the prevailing compensation plan of government owned and controlled corporations
16 (GOCCs) and other government financial institutions and shall be subject to periodic
17 review by the Bureau no more than once every three (3) years without prejudice to yearly
18 merit review or increases based on productivity and efficiency. The Bureau shall,
19 therefore, be exempt from laws, rules, and regulations on compensation, position
20 classification and qualifications standards. The Bureau shall, however, endeavor to make
21 its system conform as closely as possible with the principles under the Compensation and
22 Position Classification Act of 1989.

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

26 *Sec. 4. Approval of the President.* – The BIR Compensation and Position
27 Classification System implemented pursuant to this Act shall be approved by the
28 President, and shall be subject to periodic review by the BIR, in consultation with the
29 Department of Budget and Management (DBM), and the Civil Service Commission (CSC),

1 not more than once every three (3) years, without prejudice to yearly merit reviews or
2 increases based on performance.

3 Sec. 5. *Non-diminution of Salaries.* – The BIR Compensation and Position
4 Classification System to be developed and recommended by the BIR, as approved by the
5 President, shall apply to all positions now existing or hereafter created: *Provided,* That in
6 no case shall there be any diminution in the authorized salaries of incumbent employees
7 of the BIR as of December 31, 2024, upon the implementation of the approved BIR
8 Compensation and Position Classification System.

9 Sec. 6. *Appropriation Clause.* – The amount necessary for the implementation of
10 this Act shall be included in the General Appropriations Act (GAA).

11 Sec. 7. *Separability Clause.* – If any of the sections or provisions of this Act is held
12 invalid, all other provisions not affected thereby shall remain valid.

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

15 Sec. 9. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
16 complete publication in the *Official Gazette* or in two (2) newspapers of general
17 circulation.

Approved,