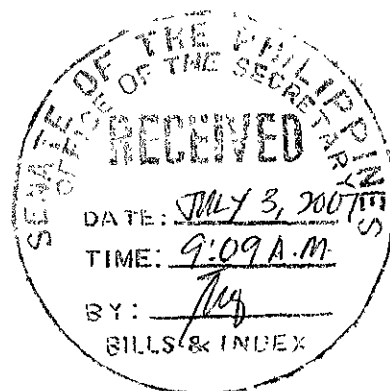


FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE

Senate Bill No. 620



INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

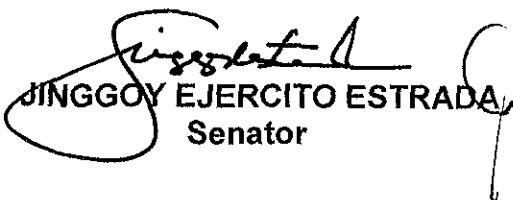
The Bureau of Internal Revenue (BIR) is the primary revenue raising agency of the government, collecting almost eighty percent (80%) of total government revenues. Inarguably, the agency's greatest asset is its pool of trained and hardworking personnel. Recent developments, however, show that many of the employees in the BIR are leaving the service to seek greener pasture in the private sector. Empirical evidence reveals that several high and middle management officials of the BIR resign from office to join large accounting firms or IT companies where they receive salaries double or triple the amount they were getting in BIR. This excessive turnover of employees, especially among lawyers, information technology analysts and programmers, undeniably poses a serious problem in tax administration. While reforms have been introduced to modernize and improve tax administration, little attention is given to the workforce of the BIR. Indeed, it is ironic that the BIR employees, who provide the very foundation of tax administration, get the least notice in reform programs.

The current compensation schedule of BIR personnel is totally unacceptable and grossly disproportionate to the importance, risk and urgency that their work entails. Faced with enormous workloads, these employees are compensated with measly salaries way below those earned by their counterparts in the private sector. For instance, a lawyer in the BIR normally handling 100 active cases earns a mere P20,000.00 monthly salary. A BIR Database administrator, on the other hand, receives only P15,000.00 every month, whereas his counterpart in a private IT firm earns P60,000.00 monthly.

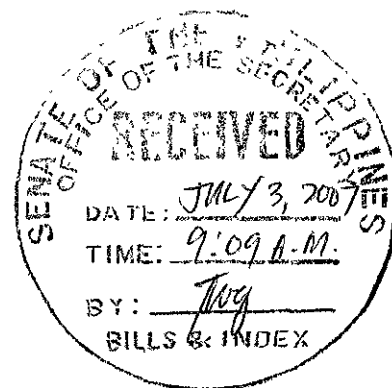
As a measure to correct this blatant inequity and to further strengthen the employees from Republic Act No. 6758 otherwise known as the Salary Standardization Law, with this bill, the salary levels of BIR employees will be placed at par with industry standards. Hopefully, the BIR will be able to attract the best human resources of our nation to enter the service and encourage its highly-trained personnel to stay in their respective positions.

Needless to state, increase in the salaries of the BIR employees will promote efficiency in their performance, improve their operations and lead to a significant increase in revenue collections.

With the aforementioned premises, the approval of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

FOURTEENTH CONGRESS OF THE REPUBLIC)
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 First Regular Session)



SENATE

Senate Bill No. 620

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT
EXEMPTING THE BUREAU OF INTERNAL REVENUE FROM THE COVERAGE OF
REPUBLIC ACT NO. 6758, OTHERWISE KNOWN AS THE SALARY
STANDARDIZATION LAW, 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 by hiring and maintaining competent and professional revenue officials and personnel to enforce the Philippine internal revenue tax system. 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.

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 upgrade its human resource component and formulate its own compensation schedule and position qualification standards based on a comprehensive job analysis and audit of actual duties and responsibilities of its officers and employees.

The compensation schedule and position of classification systems implemented pursuant to this Act shall be approved by the Department of Budget and Management (DBM) and shall be subject to periodic review by the BIR, in consultation with the 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. 3. Implementing Rules and Regulations. - The BIR shall promulgate the Implementing Rules and Regulations for this Act within ninety (90) days from approval hereof.

SEC. 4. 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. 5. 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. 6. Repealing Clause. - All laws, decrees, issuances, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,