


13th CONGRESS OF THE REPUBLIC)
 OF THE PHILIPPINES)
 Second Regular Session .)

6 MAY -9 2011

SENATE
 S. B. NO. 2243

RECEIVED BY: 

Introduced by: **Sen. Alfredo S. Lim**

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 reduced 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 Php20,000-monthly salary. A BIR Database administrator, on the other hand, receives only Php15,000 every month, whereas his counterpart in a private IT firm earns Php60,000-80,000 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 in the BIR employees will promote efficiency in their performance, improve the operations of the BIR, and lead to a significant increase in revenue collections.


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


ALFREDO S. LIM

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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 the 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 by hiring and maintaining competent and professional revenue
3. officials and personnel to enforce the Philippine internal revenue tax system.
4. Towards this end, the State shall exempt the Bureau of Internal Revenue (BIR)
5. and its employees from the coverage of Republic Act 6758, otherwise known as
6. Salary Standardization Law.

7. **SECTION 2. Exemption from salary standardization.** The BIR and its employ-
8. ees shall be exempt from the coverage of the Salary Standardization Law.

9. The BIR is hereby authorized to upgrade its human resource component
10. and formulate its own compensation schedule and position qualification standards
11. based on a comprehensive job analysis and audit of actual duties and responsibili-
12. ties of its offices and employees.

13. The compensation schedule and position of classification systems imple-
14. mented pursuant to this Act shall be approved by the Department of Budget and
15. Management, and shall be subject to periodic review by the BIR, in consultation
16. with the Department of Finance and the Civil Service Commission, not more than

1. once every three (3) years, without prejudice to yearly merit reviews or increases
2. based on performance.

3. **SECTION 3. *Implementing Rules and Regulations.*** The BIR shall promulgate
4. the Implementing Rules and Regulations for this Act within ninety (90) days from
5. approval hereof.

6. **SECTION 4. *Appropriation Clause.*** The amount necessary to implement this
7. Act shall be included in the General Appropriation Act of the year following its
8. enactment into law.

9. **SECTION 5. *Repealing Clause.*** All laws, decrees, issuances, rules and regula-
10. tions inconsistent with the provisions of this Act are hereby repealed.

11. **SECTION 6. *Effectivity Clause.*** This Act shall take effect within fifteen (15)
12. days after its publication in at least two (2) newspapers of general circulation.

Approved.