


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

'17 FEB -6 P5:46

SENATE  
S.B. No. 1314

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Introduced by Senator SONNY ANGARA

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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,  
AS AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Bureau of Internal Revenue (BIR) performs one of the most critical functions of the government: collecting the funds necessary for the government to fulfill its mandate in uplifting the lives of the Filipino people. Without the funds collected by the BIR, the government could not provide for the basic needs of the Filipino, 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 21,491 employees. However, the BIR only has 9,835 employees within its ranks.

For quite sometime, the government suffers from losses due to tax leakages brought about by aggressive tax avoidance schemes employed by certain taxpayers, or tax evasion schemes employed 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. For example, an entry level accountant for the BIR receives Php 19,077.00 a month whereas in the Securities and Exchange Commission (SEC) and the Insurance Commission (IC) receives Php 50,238.00 and Php 46,104.00, respectively. For lawyers, the entry level salary in the BIR amounts to Php 35,693.00 whereas for entry level lawyers in the SEC and IC they are paid Php 53,754.00 and Php 66,524.00, respectively. Due to such low 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 revenueurs would help explain why the BIR is flooded with complaints of 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, tax collection suffers and large scale tax evaders get away.

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".

With competitive salaries, we expect that corruption would be eliminated, or at the very least minimized. Moreover, competitive salaries can attract young and idealistic professionals which can revitalize the BIR which would translate 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



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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 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 Salary Standardization Law, as amended.

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

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

- 13 (a) BIR personnel shall be paid just and equitable wages in accordance  
14 with the principle of equal pay for work of equal value;  
15 (b) Basic compensation for BIR personnel shall generally be comparable  
16 with those in the private sector doing comparable work and must be in  
17 accordance with prevailing laws on minimum wages;  
18 (c) The BIR Compensation and Position Classification System shall be  
19 determined through a comprehensive analysis and audit of actual  
20 duties and responsibilities of the Bureau's officials and employees;

1 (d) The total compensation provided for government personnel must be  
2 maintained at a reasonable level in proportion to the national budget;  
3 and

4  
5 (e) A review of government compensation rates, taking into account the  
6 performance of the Bureau, its overall contribution to the national  
7 economy, and the possible erosion in purchasing power due to  
8 inflation and other factors, shall be conducted periodically;

9  
10 SEC. 3. *Incentives to Bureau Officials and Personnel.* - The Bureau, subject to the approval  
11 of the President, may provide for other incentives not provided under existing laws and  
12 Civil Service laws.

13  
14 SEC. 4. *Approval of the President.* - The BIR Compensation and Position Classification  
15 System implemented pursuant to this Act shall be approved by the President, and shall  
16 be subject to periodic review by the BIR, in consultation with the Department of Budget  
17 and Management (DBM), Department of Finance (DoF) and the Civil Service  
18 Commission (CSC), not more than once every three (3) years, without prejudice to  
19 yearly merit reviews or increases based on performance.

20  
21 SEC. 5. *Non-diminution of Salaries.* - The BIR Compensation and Position Classification  
22 System to be developed and recommended by the BIR, as approved by the President,  
23 shall apply to all positions, on full or part-time basis, now existing or hereafter created:  
24 *Provided,* That in no case shall there be any diminution in the authorized salaries of  
25 incumbent employees of the BIR as of December 31, 2016, upon the implementation of  
26 the approved BIR Compensation and Position Classification System.

27  
28 SEC. 6. *Appropriation Clause.* - 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.

31  
32 SEC. 7. *Separability Clause.* - If any of the sections or provisions of this Act is held  
33 invalid, all other provisions not affected thereby shall remain valid.

1 SEC. 8. *Repealing Clause.* - All laws, decrees, issuances, rules and regulations  
2 inconsistent with the provisions of this Act are hereby repealed or modified  
3 accordingly.

4

5 SEC. 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete  
6 publication in the Official Gazette or two (2) newspapers of general circulation.

7

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9 Approved,