



Senate

Office of the Secretary

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

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SENATE
S.B. No. 1315

RECEIVED BY:

Introduced by Senator Juan Miguel "Migz" F. Zubiri

**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 role of the Bureau of Internal Revenue (BIR) in advancing President Rodrigo R. Duterte's Ten-Point Economic Agenda can never be highlighted enough. The taxes that the BIR collects primarily funds infrastructure, education, health, rural development and the internal revenue allotment of all local government units. In light of the upcoming Comprehensive Tax Reform, the BIR should be equipped to take on the President's challenge of funding the Administration's programs.

With a total allowed *plantilla* of 21,491 employees¹, the Bureau should be providing top-notch taxpayer service and unparalleled tax administration. However, this is not the case since the BIR lacks the needed personnel to deliver such high-quality service. In recent years, the BIR seems to have become merely a "last option" for professional, technical and skilled job seekers. With 27,219,916 registered taxpayers to service, the BIR only has 9,835 in its complement, which amounts to a ratio of 2,767 taxpayers to 1 revenueur.

Considering taxation is a power of the State that is so vital that even without a Constitutional provision must be exercised, revenueurs should be given a premium and should enjoy higher pay than those that have functions which may be considered secondary to revenue collection. The entry-level accountant in the BIR receives P19,077.00 while an entry-level Accountant 1 in the Securities and Exchange Commission (SEC) and the Insurance Commission (IC) receives P50,238.00 and P46,104.00, respectively. Newly recruited lawyers in the SEC and IC are paid P53,754.00 and P66,524.00, respectively, while BIR entry-level lawyers are paid P35,693.00.

The disparity is appalling and should be immediately addressed through legislative intervention as it seems that no matter how hard the Bureau works to employ more, the numbers—the present cost of living and the existence of jobs with more competitive salaries—negate any amount of recruitment effort.

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

¹ Executive Order No. 366

"Compensation and Position Classification Act of 1989," or the "Salary Standardization Law."

With competitive salaries it is expected that corruption of need shall be eliminated, and that more job seekers shall see the BIR as a worthy employer and revenue collection for the betterment of the Philippines a worthy cause to fight for. The increase in salaries of Bureau officials and employees would also be a symbolic recognition that Tax Administration is a very technical and specialized field. In the end, this measure is viewed as a long-term solution to the waning taxpayer service, which has hounded the Bureau for some time now.

In view of the foregoing, it is earnestly requested that the Bureau of Internal Revenue be exempted from the coverage of Republic Act No. 6758.




JUAN MIGUEL "MIGZ" F. ZUBIRI



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1 *Be it enacted by the Senate and House of Representatives of the Philippines in*
2 *Congress assembled:*

3 **SECTION 1. Declaration of Policy.** – It is the policy of the State to reform tax
4 administration and ensure efficient and effective collection of taxes by employing and
5 maintaining competent and professional revenue officials and personnel to collect taxes
6 and enforce internal revenue tax laws. Towards this end, the State shall exempt the
7 Bureau of Internal Revenue (BIR) and its employees from the coverage of Republic Act
8 No. 6758, otherwise known as the Salary Standardization Law, as amended.

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

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 with the
14 principle of equal pay for work of equal value;

15 (b) Basic compensation for BIR personnel shall generally be comparable with
16 those in the private sector doing comparable work and must be in accordance with
17 prevailing laws on minimum wages;

18 (c) The BIR Compensation and Position Classification System shall be determined
19 through a comprehensive analysis and audit of actual duties and responsibilities of the
20 Bureau's officials and employees;

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

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

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

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

10 **SEC. 5. Non-diminution of Salaries.** – The BIR Compensation and Position
11 Classification System to be developed and recommended by the BIR, as approved by
12 the President, shall apply to all positions, on full or part-time basis, now existing or
13 hereafter created: *Provided*, That in no case shall there be any diminution in the
14 authorized salaries of incumbent employees of the BIR as of December 31, 2016, upon
15 the implementation of the approved BIR Compensation and Position Classification
16 System.

17 **SEC. 6. Appropriation Clause.** – The amount necessary to implement this Act shall
18 be included in the General Appropriations Act of the year following its enactment into
19 law.

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

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

24 **SEC. 9. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
25 complete publication in at least two (2) newspapers of general circulation.

Approved,