



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

'17 MAR -9 P 3:04

RECEIVED BY: _____

SENATE

S.B. No. 1383

Introduced by Senator SONNY ANGARA

**AN ACT EXEMPTING THE BUREAU OF CUSTOMS
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 Customs (BOC) performs three critical functions in the government: collect revenues to fund government programs, ensure border protection, and improve trade facilitation. However, the geographical landscape of the Philippines makes it difficult for Customs personnel to adequately perform its mandate. This is compounded by the fact that the BOC suffers from lack of necessary equipment and competent personnel to ably monitor more than 17 ports and sub-ports, which facilitate more than US\$130 billion in trade. Currently, the BOC has an allowed *plantilla* of 6,264 employees, but only 2,939 positions are filled.

The government suffers substantial losses due to tax leakages brought about by smuggling and aggressive tax evasion schemes employed by unscrupulous taxpayers. Such corrupt practices are sometimes made in collusion with errant Customs officials. Thus, there is a need to incentivize our tax administrators to attract competitive professionals and encourage them to remain honest.

After languishing in the legislative mill for two decades, the Congress passed Republic Act (RA) No. 10863 or the Customs Modernization and Tariff Act (CMTA) last May 2016. The CMTA aims to modernize Customs rules and procedure for faster trade, reduce opportunities for corruption, improve Customs service delivery and supply chain by adopting some of the world's best Customs practices. Part of the CMTA amendments is for the BOC to conduct a compensation study with the end view of developing and recommending to the President a competitive compensation and remuneration system.

This bill, therefore, seeks to address this urgent concern through the removal of the BOC 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 and retain young and highly qualified professionals to provide better Customs administration and to enhance enforcement.

In view of the foregoing, it is proposed that the Bureau of Customs 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".

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line that curves upwards at the end.

SONNY ANGARA



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

'17 MAR -9 P3:04

RECEIVED BY: _____

SENATE

S.B. No. 1383

Introduced by Senator SONNY ANGARA

**AN ACT EXEMPTING THE BUREAU OF CUSTOMS
FROM THE COVERAGE OF REPUBLIC ACT NO. 6758,
OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW,
AS AMENDED, AND FOR OTHER PURPOSES**

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 customs officials and personnel to collect taxes
4 and enforce customs tax laws. Towards this end, the State shall exempt the Bureau of
5 Customs (BOC) and its employees from the coverage of Republic Act (RA) No. 6758,
6 otherwise known as the Salary Standardization Law, as amended.

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

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

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

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

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

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

24

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

5
6 **SEC. 3. *Incentives to Bureau Officials and Personnel.*** – The Bureau, subject to the
7 approval of the President, may provide for other incentives not provided under existing
8 laws and Civil Service laws.

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

16
17 **SEC. 5. *Non-diminution of Salaries.*** – The BOC Compensation and Position
18 Classification System to be developed and recommended by the BOC, as approved by
19 the President, shall apply to all positions, on full or part-time basis, now existing or
20 hereafter created: *Provided*, That in no case shall there be any diminution in the
21 authorized salaries of incumbent employees of the BOC as of December 31, 2016,
22 upon the implementation of the approved BOC Compensation and Position
23 Classification System.

24
25 **SEC. 6. *Appropriation Clause.*** – The amount necessary to implement this Act shall be
26 included in the General Appropriations Act of the year following its enactment into law.

27
28 **SEC. 7. *Separability Clause.*** – If any of the sections or provisions of this Act is held
29 invalid, all other provisions not affected thereby shall remain valid.

30
31 **SEC. 8. *Repealing Clause.*** – All laws, decrees, issuances, rules and regulations
32 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

33
34 **SEC. 9. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
35 complete publication in the Official Gazette or two (2) newspapers of general circulation.

36
37 *Approved,*