Taxpayer Identification Number (TIN): Its Development and Importance in Tax Administration

I. INTRODUCTION

The effectiveness of tax laws is dependent not only on their intrinsic merit but also on the level of competency and efficiency in administering them. A tax law without good tax administration is likened to a pencil with no lead, i.e. it becomes useless.

In the past, tax structures in the country were skewed by the realities of tax avoidance and evasion. These can be attributed to various factors, one of which is the lack of technical and mechanical means to record basic information about the taxpayers and accurately collect taxes from them. Although the Bureau of Internal Revenue (BIR) launched collection campaigns one after the other to combat tax evasion and/or tax delinquency, those efforts were insufficient due to the absence of a system to monitor the information and tax payments of the taxpayers. Certainly, keeping delinquent accounts under control remained to be a colossal problem as it was difficult to determine who has paid his tax and who has not, making the problem on non-compliance pervasive over the decades.

To address this problem, the BIR embarked on a series of reforms that aim to promote efficiency in tax enforcement and compliance, one of which is the development and maintenance of an updated taxpayers’ database.

The preparation of a tax roll or master list of taxpayers is integral in tax administration. A pre-requisite to an effective tax administration is knowing who the taxpayers are, where they are located, and whether they are active or inactive. Moreover, to better identify the taxpayers it is imperative to adopt a unique and permanent identification number that will give a quick access on the taxpayer’s information. The use of Taxpayer’s Identification Number (TIN) is undoubtedly an important development in tax administration.

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1 We acknowledge the valuable inputs on the discussion on TIN of BIR Assistant Commissioner Carolyn Anne Reyes of the Information Systems Development Service and Miss Andreliza Cala, Chief of the BIR Data Warehousing and Systems Operation.
as it paves the way to an improved tax administration through accurate assessments and efficient collection of taxes.

This paper presents the historical development of the TIN in the Philippines, its structure and the crucial role it plays in tax administration. It also discusses recent developments in securing TIN and its importance in tax compliance and in curbing tax evasion.

II. HISTORY OF THE TIN IN THE PHILIPPINES

A. Tax Account Number (TAN)

1. In 1965, the BIR came up with a system that assigned Tax Account Number (TAN) to every taxpayer to facilitate the identification of taxpayers and verification of tax records. The TAN was an eight-digit combination, the first four digits of which was the number proper and the last four digits were check numbers. During that time, there were around 10 million TANs distributed in the country. However, the TAN was found to be ineffective as a taxpayer locator or identifier because of the following: (a) an individual may be issued more than one TAN; (b) the same TAN may be used by two or more individuals, hence the possibility of duplication; and (c) absence of means to check whether the number given by the individual is his/her true and correct number.

2. Recognizing the defect of the eight-digit TAN, the BIR replaced it with a 12-digit code and employed the SOUNDEX system in 1976. The SOUNDEX system was a method of generating a set of numbers based on the sound of the key letters of a word, specifically, of a name. Letters with similar sounds are grouped together and assigned a standard set of numeric codes. The consonant of a name is translated into numbers. This 12-digit code was generated using two basic information about the tax filer, viz; (a) name and (b) date of birth for individuals or the business name and the date of corporation/registration for business entities. Letters with similar sounds are grouped together and assigned a standard set of numeric codes. Based on this and following a set of rules, a digit code for a particular name was generated. However, the SOUNDEX code was expected to come out with some duplicated codes for the reason that persons may have the same names or have different names but algorithmically contain the same type of letters. To narrow down this possible duplication, an additional feature was incorporated into the system to identify the duplicate SOUNDEX codes such as the person’s date of birth which is also a five-digit code (month, day, year). Moreover, to eliminate the possibility of duplication of codes for SOUNDEX names and birthdays or date of incorporation or registration, another code, a serial number was added using

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all the letters of the alphabet (with the exception of the letter I) plus the nine digits in the unit position of cardinal numbers to make it thirty-four (34) serial numbers available as anti-duplication codes.

3. Briefly, the redesigned TAN was coded as follows:

   a. First 5-digit Code – alphanumeric code for the name of the tax filer.
   b. Next 5-digits – alphanumeric code for the date of birth (month-day-year)
   c. 11th code digit – serial codes which range from A-Z
   d. 12th digit – the check digit (another unique feature for checking the accuracy of the identity code. The check digit spots possible transpositions or errors in the number)

To illustrate:

<table>
<thead>
<tr>
<th>Name of Taxpayer</th>
<th>Julian V. Palentino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Birth</td>
<td>January 21, 1951</td>
</tr>
<tr>
<td>Tax Account Number</td>
<td>P4354-A2151-B-Ø</td>
</tr>
</tbody>
</table>

Where:

<table>
<thead>
<tr>
<th>P4354</th>
<th>Name in SOUNDEX Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2151</td>
<td>Date of Birth</td>
</tr>
<tr>
<td>B</td>
<td>Serial Code</td>
</tr>
<tr>
<td>Ø</td>
<td>Check Digit</td>
</tr>
</tbody>
</table>

4. Technically, the TAN lacked the unique features required for effective computerization. For instance, it did not have indicators for the type of taxpayer and the revenue district office (RDO) having jurisdiction over the taxpayer. Moreover, since it consisted of alphanumeric digits, the TAN was also more difficult to encode.

5. The TAN was ineffectively implemented due to lack of integrated information and relational database systems. Many TANs were not properly indicated on documents filed with the BIR. Inadequate information drive also contributed to the deficiencies of the TAN. The number of TANs issued also ballooned to unmanageable proportions, not only due to its expanded use but also due to lack of maintenance procedures which could eliminate duplicate or multiple TANs issued to the same taxpayer and to those who ceased to be taxpayers from the master file.³


TIN: Its Development and Importance in Tax Administration
B. Taxpayer Identification Number (TIN)

1. The TIN was first introduced in 1989 when the BIR formulated a Five-Point Administration Improvement Program. It was implemented in 1991 pursuant to Revenue Memorandum Order (RMO) Nos. 22-91 and 23-91 and Revenue Memorandum Circular (RMC) Nos. 58-91, 63-91 and 70-91. The TIN replaced the TAN, value-added tax (VAT) registration number, non-VAT registration number, withholding tax agent (WTA) I.D. and other numbering systems used by the BIR to facilitate computerized processing of tax returns and other data/information. The shift from multiple identification systems to a single TIN was prompted by the need for an effective and unique numbering system indispensable for a Database Management and Information System (DBMS) which the TAN and other numbering systems were not able to achieve.

2. The TIN is a system-generated reference index number issued and assigned by the BIR to each and every person registered in its database. This reference index number is required to be indicated in all business and/or personal transactions of the registered person whether these are with government offices or otherwise. The TIN contains key information necessary for computer processing and information generation. The introduction of TIN was in preparation for the overall integrated computerization of tax collection and administration.

3. In 1998, the BIR introduced the Integrated Tax System (ITS) and issued TIN using this system. ITS is a set of related systems and processes, which provides maximum automation and minimum manual intervention in BIR operations.

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4 Subject: Suspension of the Issuance of Taxpayer Account Number (TAN) and the Phasing-in of Taxpayer Identification Number (TIN), dated July 3, 1991.


6 Subject: Adoption of a New Taxpayer Identification Number (TIN), dated July 8, 1991.


9 The VAT number consisted of the RDO number issued chronologically and is entered in separate logbook for each of the 97 RDOs.

10 The Non-VAT registration number consisted of the Regional Office (RO) number, RDO number, serial number and the branch number.

11 The withholding agent’s ID number consisted of the RO number, RDO number, serial number and the year of registration.

12 1991 BIR Annual Report, p. 27

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4. In 2003, the electronic TIN (eTIN), dubbed as the TIN on the Web was launched for the public to secure TIN via the internet. Through the eTIN, taxpayers classified as professionals have the convenience of getting their TIN by visiting the BIR website at www.bir.gov.ph.

5. The eTIN was enhanced in 2010 with the launching of the BIR of the electronic registration (eREG) Project. Through the eREG, getting a TIN became easier and more convenient since taxpayers can simply visit the BIR website and apply online. It likewise made the online registration services available to self-employed individuals, compensation income earners and Executive Order (EO) No. 98 taxpayers. Applicants whose TINs have been secured through the e-REG facility complete their registration with the BIR district office and are no longer required to fill out the forms for application for registration. Instead, the print-out of the System Confirmation Page and the filled-out online BIR Form 1901 which is the proof of e-registration are submitted to the concerned BIR district office, together with the documentary requirement.

C. The TIN Structure

1. The unique TIN consists of 9-12 digit numeric code in contrast to the alphanumeric TAN, thus easier to encode. The first nine digits is the TIN proper and the last three digits is the branch code (in the case of business entities). The first digit thereof identifies the type of taxpayer. The digit zero ("0") signifies a corporation and digits 1 to 9 denote individual taxpayers. The succeeding 7 digits are sequential and the ninth (9th) digit is the check digit.

1.a The first three digits of the TIN also indicate when the TIN was issued. For instance, TINs with ‘000’ and ‘900’ series, for corporations and individuals, respectively, are pre-generated TINs or those that were issued before the implementation of the ITS. The ‘200’ and ‘400’ series for both individuals and non-individuals, on the other hand, are those issued under the ITS. In the case of the eTIN facility, the TINs issued for individuals start with the ‘300’ series.

To illustrate, consider this TIN: 000 – 123 – 456 – 001

i. The first digit which is “0” signifies that the TIN belongs to a corporation;

ii. The 2nd to 8th digit “00-123-45” is sequential;

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13 Entitled, “Directing All Government Agencies, Instrumentalities, Local Government Units, and Government-Owned and/or Controlled Corporations (GOCCs) to include the Taxpayer Identification Number (TIN) as part of the Essential Requirements in All Applications for a Government Permit, License, Clearance, Official Paper or Document”, issued on April 28, 1999.
iii. The 9th digit which is “6” is the check digit;
iv. The 10th to 12th digit which is “001” is the branch code; and
v. The ‘000’ series denotes that the TIN issued was a pre-generated one.

2. In 1998, RMO 34-98\(^{14}\) prescribed the procedures and guidelines to standardize the encoding of taxpayer’s data. For individual taxpayers, TIN should be encoded in the *nine-digit* form of 123-456-789. If the last three characters (10th-12th digit) are not encoded, the default value should always be 000.

3. In case of business entities, the TIN is usually encoded in the *twelve-digit* form (123-456-789-000), the last three digits of which stand for the branch code. It should be mentioned, however, that the BIR is soon to implement a *thirteen-digit* TIN for business entities which are operating with more than a thousand branches.

3.a For purposes of the issuance of branch code in TINs, a “branch” means a separate or distinct establishment or place of business where sales transactions are conducted independently from the head office. It is to be clarified, however, that different lines of business engaged in by a person in a single place shall not be considered a branch if they are under one single business name. To be considered as such, the various lines of businesses operated and conducted at the same address shall be individually covered with business trade names secured from the Department of Trade and Industry. To illustrate, consider the example given in RR 11-2008\(^{15}\):

> *Ms. P is engaged in various lines of business under the following business trade names which are all located at Rm 501 M Building M Dela Fuente St., Sampaloc, Manila:*

<table>
<thead>
<tr>
<th>Business Name</th>
<th>TIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GV Internet Café</td>
<td>135-536-536-000</td>
</tr>
<tr>
<td>2. LSM Computer Supplies</td>
<td>135-536-536-001</td>
</tr>
<tr>
<td>3. RV Bookkeeping Services</td>
<td>135-536-536-002</td>
</tr>
<tr>
<td>4. JRR Janitorial Services</td>
<td>135-536-536-003</td>
</tr>
</tbody>
</table>

\(^{14}\) Subject: Prescribes the Guidelines and Procedures to Standardize Encoding of Taxpayer Data, dated April 27, 1998.

\(^{15}\) Entitled “Consolidated Revenue Regulations on Primary Registration, Its Updates, and Cancellation”, dated August 15, 2008.
3.b In the above example assuming that the above businesses have secured DTI-approved business trade names, the internet café shall be considered as the Head Office (HO)\textsuperscript{16} while the three subsequent registered businesses shall be considered as its branches\textsuperscript{17}.

4. As of July 9, 2014, according to the Data Warehousing and Systems Operation Division of the BIR, there were already 28,468,838 issued TINs (including active, inactive, and cancelled). The table below shows the breakdown of the total number of issued TINs.

\begin{center}
\textbf{Table 1. TOTAL NUMBER OF ISSUED TINs (As of July 9, 2014)}
\end{center}

\begin{center}
\begin{tabular}{|l|c|}
\hline
\textbf{Category} & \textbf{Number of Issued TINs} \\
\hline
\textit{Individuals} (employees, single proprietors, professionals, etc.) & 27,900,422 \\
\textit{Non-individuals} (corporations, partnerships, cooperatives, etc.) & 568,416 \\
\hline
\textbf{Total} & \textbf{28,468,838} \\
\hline
\end{tabular}
\end{center}

Source: Data Warehousing and Systems Operation Division, BIR

D. Persons Who May Secure TIN

1. Section 236(I) of the National Internal Revenue Code (NIRC) of 1997 made it mandatory to supply or assign a TIN to every taxpayer. It provides that any person, whether natural or juridical, required under the authority of the NIRC to make, render or file a return, statement or other documents, shall be supplied with or assigned a TIN to be indicated in the return, statement or document to be filed with the BIR, for his/her/its proper identification for tax purposes.

\textsuperscript{16} Head Office (HO) refers to the declared specific or identifiable principal place/head office of business as stated in Articles of Incorporation/Articles of Partnership/Articles of Cooperation/DTI Certificate of Registration, as the case may be, or, in the absence thereof, the place where the complete books of accounts are kept. It is the fixed place of business, whether rented/owned, and whether or not the products/services being sold are actually located/displayed thereat. For persons who conduct business in a nomadic/roving manner, such as peddlers, “tiangges”, mobile stores operators, common carriers/school bus operators without designated garages/terminals, etc., their place of residence shall be considered as the HO. [RR 7-2012 (6)]

It should be noted moreover that before a person can register a branch or facility, one should have registered first its HO. The TIN of the HO shall be the reference for the issuance of TINs for the branches.

\textsuperscript{17} Branch means a separate or distinct establishment or place of business where sales transactions are conducted independently of the HO. [RR 7-2012 (7)]
2. Furthermore, Revenue Regulation (RR) No. 7-2012\textsuperscript{18}, provides that the following persons are required to or may secure a TIN, viz:

   a. Every person whether natural or juridical, subject to any internal revenue tax such as: income tax, VAT, percentage tax, withholding tax, excise tax, and documentary stamp tax, including its branches (for purposes of securing its branch code for business establishments) as well as persons subject to taxes under the One Time Transactions (ONETT), such as but not limited to capital gains tax, donors tax and estate tax;

   b. Any person who, although exempt from the imposition of the taxes imposed under the NIRC of 1997, as amended, is nevertheless required to withhold taxes on account of income payments made to taxable individuals or entities.

   c. Persons whether natural or juridical, dealing with all government agencies and instrumentalities, including Government-Owned and/or Controlled Corporations (GOCCs), and all Local Government Units (LGUs), are also required to incorporate their TIN in all forms, permits, licenses, clearances, official papers and documents which they secure from these government agencies, instrumentalities, including GOCCs and LGUs, pursuant to EO 98, series of 1999.

3. A TIN issued under EO 98, is an indispensable requirement before a taxpayer can have an official dealing with the government. However, in the case of diplomatic missions and international organizations, as identified by the Department of Foreign Affairs (DFA), together with their accredited foreign personnel, which, pursuant to EO 31\textsuperscript{19} series of 2001, are exempted from the requirements of the TIN when they apply for any government permit, license, clearance, official paper or document, it shall be sufficient that their request for said documentation is accompanied by the corresponding endorsement of the DFA, which shall include the official identity card issued by the Office of Protocol of the Department, for the purpose of establishing the bona fide status of such entities and individuals.

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\textsuperscript{18} Subject: Amended Consolidated Revenue Regulations on Primary Registration, Updates and Cancellation, dated April 2, 2012.

\textsuperscript{19} Entitled, “Amending Executive Order (EO) No. 98 dated April 28, 1999 by Exempting Therefrom Diplomatic Missions and International Organizations as well as their Accredited Foreign Personnel”, issued on August 13, 2001.
E. General Rules in the Application and Issuance of TIN\textsuperscript{20}

1. Pursuant to RR 7-12 only one TIN shall be assigned to a taxpayer and there shall be no instance where two or several taxpayers are holders of the same TIN. Likewise, once a TIN is assigned to a particular taxpayer, it shall be non-transferable.

2. The acquisition of multiple TINs by a single taxpayer is punishable by law. Once assigned a TIN, a taxpayer is precluded from applying for another, except for a bank with both a Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU) where each unit is assigned with a different TIN. The last paragraph of Section 236(I) of the NIRC provides that any person who shall secure more than one TIN shall be criminally liable under Section 275\textsuperscript{21} and shall pay PhP1,000.00 for every TIN acquired in excess of one.

2.a A single TIN shall also be assigned to a taxpayer, regardless of the variety of transactions e.g. employee who is at the same time engaged in business. The TIN once assigned stays with the taxpayer permanently even with the cessation and cancellation of business registration with the BIR.

3. Minors who are earning and/or who are under the circumstances prescribed under EO 98 shall be supplied with TIN. Moreover, non-resident aliens not engaged in trade or business (NRANETB) or non-resident foreign corporations (NRFC) shall be issued TINs for purposes of withholding taxes on their income from sources within the Philippines. The withholding agent shall apply for TIN on behalf of the NRANETB and NRFC prior to or at the time of filing their monthly withholding tax return as applicant under EO 98.

4. The estate of a deceased person or a trust under an irrevocable trust agreement shall also be issued a TIN that is separate and distinct from the TIN of the deceased person and/or the trustee.

5. In the case of corporations/partnerships (including GOCCs), which upon registration with the Securities and Exchange Commission (SEC) have already been assigned with TINs, the Application for Registration (BIR Form 1903) shall be completed and submitted to the BIR district office which has jurisdiction over its principal place of business. The articles of incorporation, together with the SEC Registration Certificate where the TIN is indicated, as well as proof of authority given to its representative must be submitted to the

\textsuperscript{20} Revenue Regulation (RR) No. 11-08, Subject: “Consolidated Revenue Regulations on Primary Registration, Its Updates, and Cancellation”, dated September 24, 2008.

\textsuperscript{21} Section 275. Violation of Other Provisions of this Code or Rules and Regulations in General. - Any person who violates any provision of this Code or any rule or regulation promulgated by the Department of Finance, for which no specific penalty is provided by law, shall, upon conviction for each act or omission, be punished by a fine of not more than One Thousand Pesos (PhP1,000) or suffer imprisonment of not more than six (6) months, or both.

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concerned BIR district office during the completion of the registration of its business.

6. As regards branches of an identified large taxpayer\textsuperscript{22} the same are required to register at the Large Taxpayers Service (LTS) where the HO is registered. Also, all incorporators of corporations/associations (stock and non-stock), partners of partnerships and members of cooperatives must have TINs.

F. Cancellation of TINs

The cancellation of TIN shall take place under the following circumstances:

a. \textit{Death of an individual} - In case a decedent registered with the BIR has no properties subject to estate taxes, the heirs shall request for the cancellation of the decedent’s TIN.

b. \textit{Full settlement of the estate tax liabilities of the estate} - In case of death of an individual with properties subject to estate taxes and who was previously registered in the ITS database, the BIR district office shall immediately modify and update the status of the TIN of the deceased as “cancelled” upon submission of “Notice of Death” and death certificate and proceed with the processing and issuance of the TIN of the estate upon application by the executor or administrator.

c. \textit{Discovery of a taxpayer having multiple TINs} - Issues on multiple/identical TINs are to be resolved by all BIR district offices, whether computerized or not. These offices are tasked to ensure that all taxpayer liabilities/cases are settled/closed in the records of the cancelled TINs prior to being transferred to the retained TIN; only then shall the cancellation/deactivation of multiple/identical TINs may be performed. The determination of the TIN to be retained shall be based on the set of criteria under existing regulations.

d. \textit{Dissolution, merger or consolidation of juridical persons} - The TINs of juridical persons are cancelled at the time of the dissolution, merger or consolidation resulting to termination of their corporate existence through the eventual cancellation of their registration with the BIR. In case of business

\textsuperscript{22} Section 245 of the NIRC defines ‘Large Taxpayer’ as taxpayer who satisfies any of the following criteria: (1) \textit{Value-Added Tax (VAT)} - Business establishment with VAT paid or payable of at least Two Hundred Thousand Pesos (PhP200,000) for any quarter of the preceding taxable year; (2) \textit{Excise tax} - Business establishment with excise tax paid or payable of at least One Million Pesos (PhP1,000,000) for the preceding taxable year; (3) \textit{Corporate Income Tax} - Business establishment with annual income tax paid or payable of at least One Million Pesos (PhP1,000,000) for the preceding taxable year; and (4) \textit{Withholding tax} - Business establishment with withholding tax payment or remittance of at least One Million Pesos (PhP1,000,000) for the preceding taxable year. Provided, however, That the Secretary of Finance, upon recommendation of the Commissioner, may modify or add to the above criteria for determining a large taxpayer after considering such factors as inflation, volume of business, wage and employment levels, and similar economic factors.
consolidation or merger, the TINs of dissolved juridical persons shall be tagged as “Ceased/Dissolved” status while the surviving party/ies shall retain its TIN. If a new corporation, however, will be established, a new TIN shall be issued to the new juridical entity.

III. UTILITY OF TIN IN TAX ADMINISTRATION AND IN ENHANCING TAXPAYER COMPLIANCE

A. Importance of TIN in Tax Administration

1. According to a study\textsuperscript{23} of the World Bank, Filipino taxpayers’ compliance significantly improved starting in 1986 during then President Corazon Aquino’s administration and continued under the Ramos administration. This improvement stemmed from the launching of the Aquino administration of a Comprehensive Tax Reform Program (CTRP) as well as related tax administrative reforms which include, among others, the implementation of the TIN in 1991. This study also noted that with the implementation of the TIN, the number of tax filers doubled between 1986 and 1992 and continued to increase between 1992 and 1997.

2. While it is difficult to attribute to the new TIN the increase in tax filers, it can be inferred that the TIN does not only expedite the processing of information about the taxpayer but also fosters compliance and consciousness and increases revenue.

3. Undoubtedly, the TIN has facilitated and insured accurate identification and recording, audit, matching, cross-checking, and collation of accounts and transactions extracted from returns, receipts and other documents. It is indispensable in tracking down and monitoring the transactions of taxpayers with the tax bureau. As a result, the TIN is used in the identification of delinquent accounts and the verification of declarations made by the taxpayers as to their tax liabilities.

4. The TIN also reduces the cost of tax administration for tax authorities as it becomes easier to collate, access, analyze and retrieve data. The automation of the system and the time required for carrying out tax audits and investigations by tax authorities is likewise lessened. On the taxpayers’ end, knowledge of the fact that the BIR is able to get accurate information through their TIN and makes effective use of these, increase their confidence in the tax system and eventually

Source: World Bank Website.
improve their tax compliance. It likewise gives them the assurance that the taxes that are assessed and collected from them are accurate.

5. Furthermore, the indication of TIN in most forms, permits, licenses, clearances, official papers and documents issued by the government or by a private institution facilitates the tracking down and monitoring of the transactions of a taxpayer. The TIN when indicated on the document as an evidence of certain taxable transactions can be used to verify and countercheck taxes due to a single taxpayer and whether such have been paid or not. Thus, this measure is likely to deter non-payment of taxes as the taxable property or transaction could easily be identified.

6. Generally, there was a remarkable improvement in tax administration in the area of tax assessment and collection with the adoption of the new TIN. The TIN facilitates the sharing of information among tax authorities and paves the way to expedient and efficient use of taxpayer’s information. The use of a unique identifier eliminates multiple taxpayer registration, increases tax compliance and widens the tax base through the registration of all eligible taxpayers which eventually leads to an increase in tax collection.

B. Enhancing the Utility of TIN on Taxpayers

1. The TIN is definitely a very helpful administrative tool on the part of the taxing authority. To enhance its utility to the taxpayers, the BIR may explore the possibility of enhancing the TIN card by making it an electronic card and to function as rewards card of different business establishments (e.g. Suki Card of Mercury Drug, Wise Card of Shopwise, Every Day! Rewards Card of 7-11, SM Advantage Card, etc.) which will record and store the taxable transactions of the taxpayer and his/her corresponding tax payments and get rewards points at the same time. For example, the electronic TIN card may store the VAT payments on purchases made by the taxpayer upon swiping his/her card in the Point of Sale (POS) device. The taxpayer may also check the total amount of taxes that he/she has already paid for a particular time-frame through the POS. The electronic TIN card should be recognizable in all business establishments to be able to capture the required information.

2. Through the expanded use of one’s electronic TIN card, a taxpayer will be able to keep track or be informed of all his/her taxable transactions. This will enhance transparency in the tax system which will promote compliance among taxpayers. Certainly, this endeavor will necessitate technological adjustments and infrastructure upgrading on the part of the BIR and the concerned business establishments. However, with advanced technology that we have today, this enhancement of the use of TIN is not impossible.

3. It should be noted that while the use of an electronic TIN card may be beneficial to the taxpayers on one hand, it may evoke criticism on the other hand
especially when it comes to confidentiality issues and the possibility that the use of the electronic TIN card may run afoul with the constitutionally guaranteed right against self-incrimination. To thwart this weakness, the use of the electronic TIN card can be made optional and voluntary. For transactions which the taxpayer deems prejudicial on his/her part or he/she opts to remain confidential, he/she has the option to use the card or not.

4. However, to avoid the scenario in the immediately preceding paragraph and to enhance compliance, the BIR may introduce the grant of rewards or points for every tax paid or VAT paid as reflected in the electronic TIN card. This is a form of incentive to encourage habitual use of the electronic TIN card in every taxable transaction. For example, a certain amount of VAT paid may be converted to points which in turn may be claimed by a taxpayer as credit, refund, deduction, rebate or basis of a reward system that may be developed by the BIR. This reward system may find its ground on equity given that the money used by the taxpayer to purchase goods or services was already net of withholding tax (in the case of compensation income earners) before they were again subjected to VAT. This way, the taxpayers will be prompted to use their electronic TIN card in every transaction.

5. Moreover, the electronic TIN card may also prove its utility in cross-checking the veracity of declared income of taxpayers. This is possible because the BIR will have an idea how much income is passing on the hands of the taxpayers as can be deduced from the spending pattern reflected on the information contained in electronic TIN card. This tool may aid the tax authorities in curbing non-declaration or under-declaration of income for income tax purposes.

IV. RECENT DEVELOPMENTS (GLOBAL/REGIONAL TIN)

1. At present, tax authorities are exploring the possibility of adopting the concept of a global/regional TIN within the ASEAN. Secretary of Finance Cesar Purisima endorsed during the 2013 G8 Pre-Summit Meeting in London the adoption of the Global TIN concept within ASEAN to enhance the oversight capabilities of tax authorities and to facilitate the monitoring of international transactions.24 The adoption of Global TIN is seen as a measure to curtail, if not, eradicate rampant cases of domestic and international tax evasion, smuggling and cross border corruption.

2. The Global TIN concept is not a new idea within regional organizations. In fact, the European Union (EU)25 is also currently exploring the adoption of a so-called EUTIN to

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25 The EU is a unique economic and political partnership between European countries, namely: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece,
respond to the difficulties faced by the member states in properly identifying all their taxpayers (natural or juridical persons) engaged in cross border transactions or operations. The European Commission launched a public consultation last March 2013 in order to collect the opinions of all interested stakeholders on the creation of EUTIN.  

3. The European Commission (EC) maintains the European TIN Portal that allows people subject to a specific tax reporting obligation imposed on them by the European or national legislation to: (a) find out about the national systems of identifying the taxpayers; and (b) check whether or not the syntax (i.e., algorithm) or structure is valid. However, the TIN online check module neither confirms the existence and actual allocation of a TIN nor the identity of a person; it only confirms whether or not the specification (structure and algorithm) entered was correct.

4. In the ASEAN context, series of meetings and discussions have been conducted inquiring into the features, structures, and administration of ASEAN TIN. According to the 3rd Meeting of the Working Group on ASEAN Forum on Taxation (WG-AFT)  

5. The use of global/regional TIN in the ASEAN while deemed an ambitious pursuit is seen to facilitate oversight capacity of tax authorities in cross border transactions. It will serve as a passport for cross-border trade and investment which will enhance monitoring and will eventually enable better audit of cross border transactions. Certainly, the adoption of global/regional TIN is projected to meet and facilitate the existing international standards on taxation and tax administration.

Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

26 The European Commission Website, “Tax Identification Numbers.”