

## *Chapter IX*

# **TAX ADMINISTRATION AND RESEARCH**

## **A. TAX ADMINISTRATION**

### **1. Department of Finance**

The Department of Finance is the principal fiscal and financial administrative arm of the Philippine Government. As such, it is responsible for the judicious and effective management of the government's tax program and borrowings to achieve national development goals.

The Department performs the following specific powers and functions:<sup>355</sup>

- a. Formulate long-range, medium-term and annual plans covering the government's resource mobilization effort, in coordination with other concerned government agencies, and involving all public sector resources whether generated by revenues and operations, foreign and domestic borrowings, sale or privatization of corporations or assets, or from other sources, and supervise the implementation of such plans;

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<sup>355</sup> Section 3, Chapter 1, Title II, Book IV, Revised Administrative Code of 1987.

- b. Formulate, institutionalize and administer fiscal and tax policies;
- c. Supervise, direct and control the collection of government revenues;
- d. Act as custodian and manage all financial resources of the national government;
- e. Undertake and supervise activities related to the negotiation, servicing and restructuring of domestic and foreign debt incurred or guaranteed by the government and its instrumentalities, including taking part in activities which affect the country's capacity to service foreign debt;
- f. Review and coordinate the policies, plans and programs of government financial institutions and, thereafter, recommend to them courses of action consistent with national government fiscal policies, plans and programs;
- g. Ensure the implementation of necessary policies and measures on local revenue administration;
- h. Coordinate with other government agencies on matters concerning fiscal and monetary policies, credit, economic development, international finance, trade and investment; and
- i. Perform such other powers and functions as may be provided by law.

The Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) both of which are under the DOF's administrative supervision are the agencies directly concerned with the assessment and collection of national taxes, duties, fees, and other charges.

## 2. Bureau of Internal Revenue

The Bureau of Internal Revenue has for its main functions and responsibilities the following<sup>356</sup>:

- a. Assessment and collection of all national internal revenue taxes, fees and charges;
- b. Enforcement of all forfeitures, penalties and fines connected therewith including the execution of judgments in all cases decided in its favor by the Court of Tax Appeals and the ordinary courts; and
- c. Give effect to and administer the supervisory and police powers conferred to it by the Tax Reform Act of 1997 and other laws.

To efficiently assess and facilitate the collection of national taxes, the Bureau has adopted a decentralized organizational set-up delegating supportive functions to 19 regional offices<sup>357</sup> posted in strategic places throughout the country.

For effective revenue administration, the regional offices are under the supervision of Revenue Regional Directors and are

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<sup>356</sup> Section 2, RA 8424 otherwise known as “The Tax Reform Act of 1997”, the law also increased the number of Deputy Commissioners from three to four.

<sup>357</sup> The Regional Offices’ general functions include administering and enforcing internal revenue laws including the assessment and collection of all internal revenue taxes, charges and fees from taxpayers within the region’s jurisdiction, as well as ensuring proper and effective implementation of the National Office’s policies and programs within the Regional Office. (<http://www.bir.gov.ph/directory/regional.htm>)

The regional offices are stationed at: (1) Calasiao, Pangasinan; (2) Cordillera Administrative Region; (3) Tuguegarao, Cagayan; (4) San Fernando, Pampanga; (5) Caloocan, Metro Manila; (6) Manila; (7) Quezon City; (8) Makati City; (9) San Pablo City; (10) Legaspi City; (11) Iloilo City; (12) Bacolod City; (13) Cebu City; (14) Tacloban City; (15) Zamboanga City; (16) Cagayan de Oro City; (17) Butuan City; (18) Koronadal City; and (19) Davao City.

presently composed of 126 revenue district offices<sup>358</sup> under the supervision of Revenue District Officers who implement and enforce

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<sup>358</sup> The Revenue District Offices (RDOs) provide frontline assistance and service to taxpayers; pre-process and encode key information from returns/payment forms; conduct field audit investigation of tax cases; undertake collection of taxes through summary remedies; and manage forfeited properties/acquired assets within the RDO's jurisdiction. (<http://www.bir.gov.ph/directory/rdo.htm>)

The revenue district offices are stationed at: (1) Laoag City, Ilocos Norte; (2) Vigan, Ilocos Sur; (3) San Fernando, La Union; (4) Calasiao, West Pangasinan; (5) Alaminos, West Pangasinan; (6) Urduyeta, East Pangasinan; (7) Bangued, Abra; (8) Baguio City; (9) La Trinidad, Benguet; (10) Bontoc, Mt. Province; (11) Tabuk, Kalinga-Apayao; (12) Lagawe, Ifugao; (13) Tuguegarao, Cagayan; (14) Bayombong, Nueva Vizcaya; (15) Ilagan, Isabela; (16) Cabarroguis, Quirino; (17A) Tarlac City, Tarlac; (17B) Paniqui, Tarlac; (18) Olongapo City; (19) Subic Bay Metropolitan Authority (SBMA); (20) Balanga, Bataan; (21A) North Pampanga; (21B) South Pampanga; (22) Baler, Aurora; (23A) North Nueva Ecija; (23B) South Nueva Ecija; (24) Valenzuela City; (25A) Plaridel, Bulacan (25B) Marilao, Bulacan; (26) Malabon-Navotas; (27) Caloocan City; (28) Novaliches; (29) San Nicolas, Tondo; (30) Binondo; (31) Sta. Cruz; (32) Quiapo/Sampaloc/Sta. Mesa/San Miguel; (33) Intramuros/Ermita/Malate; (34) Paco/Pandacan/Sta. Ana/San Andres; (35) Romblon; (36) Puerto Princesa; (37) San Jose, Occidental Mindoro; (38) North, Quezon City; (39) South, Quezon City; (40) Cubao; (41) Mandaluyong; (42) San Juan; (43A) East Pasig; (43B) West Pasig; (44) Taguig/Pateros; (45) Marikina; (46) Cainta/Taytay; (47) East Makati; (48) West Makati; (49) North Makati; (50) South Makati; (51) Pasay City; (52) Parañaque; (53A) Las Piñas City; (53B) Muntinlupa City; (54A) Trece Martirez City, South Cavite; (54B) Rosario, North Cavite; (55) San Pablo City; (56) Calamba, Laguna; (57) San Pedro, Laguna; (58) Batangas City; (59) Lipa City; (60) Lucena City; (61) Gumaca, Quezon; (62) Boac, Marinduque; (63) Calapan, Oriental Mindoro; (64) Daet, Camarines Norte; (65) Naga City; (66) Iriga City; (67) Legaspi City; (68) Sorsogon, Sorsogon; (69) Virac, Catanduanes; (70) Masbate, Masbate; (71) Kalibo, Aklan; (72) Roxas City; (73) San Jose, Antique; (74) Iloilo City; (75) Zarraga, Iloilo; (76) Victorias City, Negros Occidental; (77) Bacolod City; (78) Binalbagan, Negros Occidental; (79) Dumaguete City; (80) Mandaue City; (81) Cebu City North; (82) Cebu City South; (83) Talisay, Cebu; (84) Tagbilaran City; (85) Catarman, Northern Samar; (86) Borongan, Eastern Samar; (87) Catbalogan, Western Samar; (88) Tacloban City; (89) Ormoc City; (90) Maasin, Southern Leyte; (91) Dipolog City; (92) Pagadian City, Zamboanga del Sur; (93A) Zamboanga City; (93B) Zamboanga Sibugay; (94) Isabela, Basilan; (95) Jolo, Sulu; (96) Bongao, Tawi-Tawi; (97) Gingoog City; (98) Cagayan De Oro City; (99) Malaybalay, Bukidnon; (100) Ozamis City; (101) Iligan City; (102) Marawi City; (103) Butuan City; (104) Bayugan, Agusan del Sur; (105) Surigao City; (106) Tandag, Surigao del Sur; (107) Cotabato City; (108) Kidapawan, North Cotabato; (109) Tacurong, Sultan Kudarat; (110) General Santos City; (111) Koronadal, South Cotabato; (112) Tagum, Davao del Norte; (113A) West Davao City; (113B) East Davao City; (114) Mati, Davao Oriental; (115) Digos, Davao del Sur; (122) Large Taxpayers District Office, Makati City; and (123) Cebu Large Taxpayers District Office.

all laws and regulations relating to national internal revenue taxes within their respective jurisdictions.

### 3. Bureau of Customs

The Bureau of Customs has for its main functions and responsibilities the following:<sup>359</sup>

- a. Collect customs duties, taxes, and the corresponding fees, charges and penalties;
- b. Account for all customs revenues collected;
- c. Exercise police authority for the enforcement of tariff and customs laws;
- d. Prevent and suppress smuggling, pilferage and all other economic frauds within all ports of entry;
- e. Supervise and control exports, imports, foreign mails, and the clearance of vessels and aircrafts in all ports of entry;
- f. Administer all legal requirements that are appropriate;
- g. Prevent and prosecute smuggling and other illegal activities in all ports under its jurisdiction;
- h. Exercise supervision and control over its constituent units; and
- i. Perform such other functions as may be provided by law.

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<sup>359</sup> Section 23, Chapter 4, Title II, Book IV, Revised Administrative Code of 1987.

For effective customs administration, the country is divided into collection districts comprised of 17 principal ports of entry<sup>360</sup> each of which is under the supervision of a Collector of Customs. The Collector, who is the official head of the Customs service in his/her district, has jurisdiction over all matters arising from the enforcement of tariff and customs laws therein.

## **B. TAX RESEARCH**

### **National Tax Research Center**

To effectively redirect the tax research functions towards national development efforts and coordinate and integrate tax policy with the overall socio-economic policy of the government, the NTRC, formerly the Joint Legislative-Executive Tax Commission (JLETC), was constituted in 1972 under PD 74<sup>361</sup>. The NTRC has the following objectives:

1. To restructure our tax system and raise the level of tax consciousness among our people, to achieve a faster rate of economic growth, and to bring about a more equitable distribution of wealth and income taking into full account the requirements of the New Society, and considering the experience and practices of other countries, particularly Asian nations.
2. To have a systematic and objective approach to tax reforms in this country.
3. To effect a faster realization of needed tax reforms.

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<sup>360</sup> The principal ports of entry for the collection districts are: San Fernando; Port of Manila; Manila International Container Port (MICP); Ninoy Aquino International Airport (NAIA); Batangas; Legaspi; Iloilo; Cebu; Tacloban; Surigao; Cagayan de Oro; Zamboanga; Davao; Subic; Clark; Aparri; and Limay.

<sup>361</sup> Entitled, "Constituting the Technical Staff of the Joint Legislative-Executive Tax Commission As a New Agency Under the Administrative Supervision of the National Economic and Development Authority, To Be Known as the National Tax Research Center" issued December 6, 1972.

In addition, the NTRC, under said decree, shall continue to perform the pertinent functions of the JLETC under RA 2211, as follows:

1. To undertake a comprehensive study of the need for additional revenue for accelerated national development and the sources from which this might most equitably be derived.
2. To reexamine the existing system and tax policy structure.
3. To conduct researches on taxation for the purpose of improving the tax system and tax policy.
4. To pass upon all measures and revenue proposals.
5. To recommend such reforms or revisions as may be necessary to improve revenue collection and administration and to formulate sound tax policy and a more efficient tax structure.

In its research deliberations for the improvement and revision of the tax policy structure, the NTRC is guided by the following principles:

1. To make the tax system a more effective instrument of social and economic growth.
2. To redistribute the tax burden more equitably.
3. To make the tax system a more effective revenue instrument.
4. To improve tax administration.
5. To promote public tax consciousness.
6. To strengthen the fiscal position of local governments.

