

Comparative Organizational Structure of ASEAN Revenue Authorities*

I. INTRODUCTION

Presently, various administrative reform proposals are filed in Congress aimed at improving the performance of the country's top collecting agency, the Bureau of Internal Revenue (BIR). The proposals include, among others, the creation of a public organization with corporate-like features to replace and assume the powers and responsibilities of the BIR in implementing internal revenue tax laws; exemption of the BIR from the Salary Standardization Law (SSL) in order to attract and retain high-performing professionals; and the creation of taxpayer segment-based services (i.e. for small and medium businesses) in addition to the existing Large Taxpayer Service (LTS) to improve taxpayer compliance and consequently increase tax collection.

This paper discusses the organizational structure of ASEAN revenue authorities. It provides information on the comparative institutional arrangement and degree of autonomy of revenue authorities with their respective Ministry/Department of Finance (MOF), internal organization design, and human resources management which contribute to their overall revenue performance. It also briefly discusses the bills filed in Congress to improve the BIR tax administration performance. This could serve as inputs in assessing the above proposals.

II. COMPARATIVE ORGANIZATIONAL STRUCTURE OF ASEAN REVENUE AUTHORITIES¹

A. Institutional Arrangements for Revenue Authorities

A.1. Relationship with the Ministry/Department of Finance

The ASEAN revenue authorities may be classified based on their institutional arrangements with their respective MOF into either a traditional

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¹ The discussions were generally lifted from 2014 and 2016 Asian Development Bank (ADB) studies on Comparative Analysis of Tax Administration in Asia and the Pacific.

department (directorate) within the Ministry or a semi-autonomous agency (affiliate) placed within the broader umbrella of the Ministry.

A traditional department (directorate) is a division/unit within the MOF and generally possesses little or no autonomy as it is subject to the Ministry's direct supervising authority. A semi-autonomous agency (affiliate), on the other hand, possesses greater autonomy than a traditional department. It is placed as an attached agency within the broader umbrella of a ministry and granted moderate to fair degree of autonomy in its management and operation.

The advantages of being a semi-autonomous revenue authority are as follows: (i) It can be free from political interference in its day-to-day operations; (ii) It can implement human resources policies differently from the MOF according to its needs so as to recruit and retain highly motivated and skilled staff members; (iii) It can implement organizational reforms such as establishing specialized audit functions more conveniently compared to a directorate type of organization; and (iv) Its budget arrangements offer more flexibility to invest in information and communication technology (ICT).

**Table 1. CLASSIFICATION OF ASEAN REVENUE AUTHORITIES
ACCORDING TO THEIR RELATIONSHIP WITH THE RESPECTIVE MOF**

Directorate within MOF	Affiliated with MOF
Brunei Darussalam Cambodia Indonesia Lao PDR Myanmar Thailand	Malaysia Philippines Singapore

Source: ADB study 2014

Among the ASEAN member-countries only Malaysia, Philippines, and Singapore have semi-autonomous revenue authorities operating with various degrees of affiliation with their respective MOF.

On the other hand, revenue authorities in the following countries are still functioning as directorates in the MOF: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, and Thailand. The conservative institutional arrangement of these revenue authorities may be attributed to the system of government in their respective countries. Most of these countries have centralized form of government, either as a monarchical type of government (Brunei, Cambodia, and Thailand) or a communist/socialist state (Lao PDR).

A. 2. Delegated Authorities to Revenue Bodies

Authorizing revenue bodies to render decision as to their own internal structure design, allocation of budget, levels and mix of staff, and qualifications in hiring and conditions in dismissing staff can contribute in achieving greater efficiency and effectiveness in their performance.

The authority to design internal structure allows revenue bodies to devise network size and geographical location of revenue offices, and permits them to set up, modify, and organize the revenue districts and tax offices in the country. This authority can lead to better performance as the revenue bodies are able to adjust to changes in the needs and demands of the taxpayers and are able to formulate an internal organizational structure that will best accommodate their operations. On the other hand, delegated authority to allocate funds across administrative functions permits revenue bodies to provide appropriate funding to areas that they consider as priorities. Thus, resources are spent more wisely. Furthermore, having the authority to set the levels and mix of staff; and hire and dismiss staff allows them to decide on academic and technical qualifications of the staff they need to hire and the authority to dismiss the staff in accordance to their rules. It also allows them to conduct staff trainings and development that will further contribute to the productivity of their personnel. The autonomy in this area generally helps the revenue authorities to be more competitive by having competent and motivated staff.

Table 2. DELEGATED AUTHORITIES TO TAX BUREAUS

Country	Design Internal Structure	Allocate Budget	Set Levels and Mix Of Staff	Hire and Dismiss Staff
Brunei Darussalam	No	No	No	No
Cambodia	No	No	No	No
Indonesia	No	No	No	No
Lao PDR	Yes	Yes	Yes	Yes
Malaysia	Yes	Yes	Yes	Yes
Myanmar	No	No	No	No
Philippines	Yes	Yes*	Yes	Yes
Singapore	Yes	Yes	Yes	Yes
Thailand	Yes	Yes	Yes	No
Vietnam	...	...	...	...

*The Philippines Bureau of Internal Revenue (BIR), similar to other Philippine government agencies, takes part in the annual budget preparation by generating its own detailed budget estimates ranking programs, projects and activities, and justifying the same before the Department of Budget and Management (DBM) technical panels during the budget hearings.

...= data not available

Source: ADB study 2016

Among the ASEAN tax bureaus, the Philippines, Lao PDR, Malaysia and Singapore have the highest degree of flexibility on the areas mentioned above led by Lao PDR which has the highest degree of flexibility or delegated authority despite its being a directorate only to the MOF. Thailand tax bureau has delegated authority in three (3) of the four (4) areas mentioned above. On the other hand, the tax bureaus of Brunei Darussalam, Cambodia, Indonesia and Myanmar do not have delegated authority to design their tax bureau structure, staff their bureaus nor allocate budget for their bureaus.

B. Internal Organization Design of Revenue Bodies

B.1. Models of Internal Organization Plan

The internal organization design of a tax bureau is a factor to its overall effectiveness and efficiency. The effectiveness of reforms instituted in a revenue authority is anchored mainly on an effective organization.²

There are three (3) broad models for tax administrations' internal organization design, namely: (i) tax item-based; (ii) function-based; and (iii) taxpayer segment-based.³

Each model has its own characteristics that may be advantageous or disadvantageous to the tax bureau or the taxpayer. The most traditional among the three (3) organization designs is the tax-item based model. An organization with this type of structure may have divisions like: Personal Income Tax Division, Corporate Income Tax Division, VAT Division, and the likes. The advantage of having this kind of structure is that each division can focus on the implementation of a single type of tax while its downside is that taxpayers have to deal with several divisions, given that they are paying different types of taxes.

The second type of organization design is the function-based model wherein the structure is based according to business functions. This model is based on the theory that in grouping together similar activities that require similar skills or specialties, real gains are achieved through an increased depth of knowledge in core areas of business expertise⁴. The advantage of this type is that it enables each division to focus on a particular business process. Examples of divisions from this type of organization design are Audit, Taxpayer's Account Management, Arrears Collection and Taxpayer Consultation.

² Kidd, Maureen, "Revenue Administration: Functionally Organized Tax Administration," International Monetary Fund (IMF) Technical Notes and Manuals. June 2010

³ Satoru Araki and Iris Claus, "A Comparative Analysis of Tax Administration in Asia and the Pacific," Asian Development Bank, April 2014.

⁴ Kidd, op.cit. p. 2.

The last type of organization design and the newest among the three (3) is the taxpayer segment-based model. As the name suggests, an organization with this kind of structure is organized and divided according to the taxpayer group they cater (i.e., Individual Taxpayer, Small and Medium-sized Businesses, Large Companies). The taxpayer segment-based model enables its divisions to maximize the compliance level of each taxpayer segment by adopting appropriate strategies. A drawback of this model however is that it requires each division to be familiar with all the business processes that is involved for each taxpayer segment.

Table 3. INTERNAL ORGANIZATION DESIGN IN ASEAN TAX BUREAUS

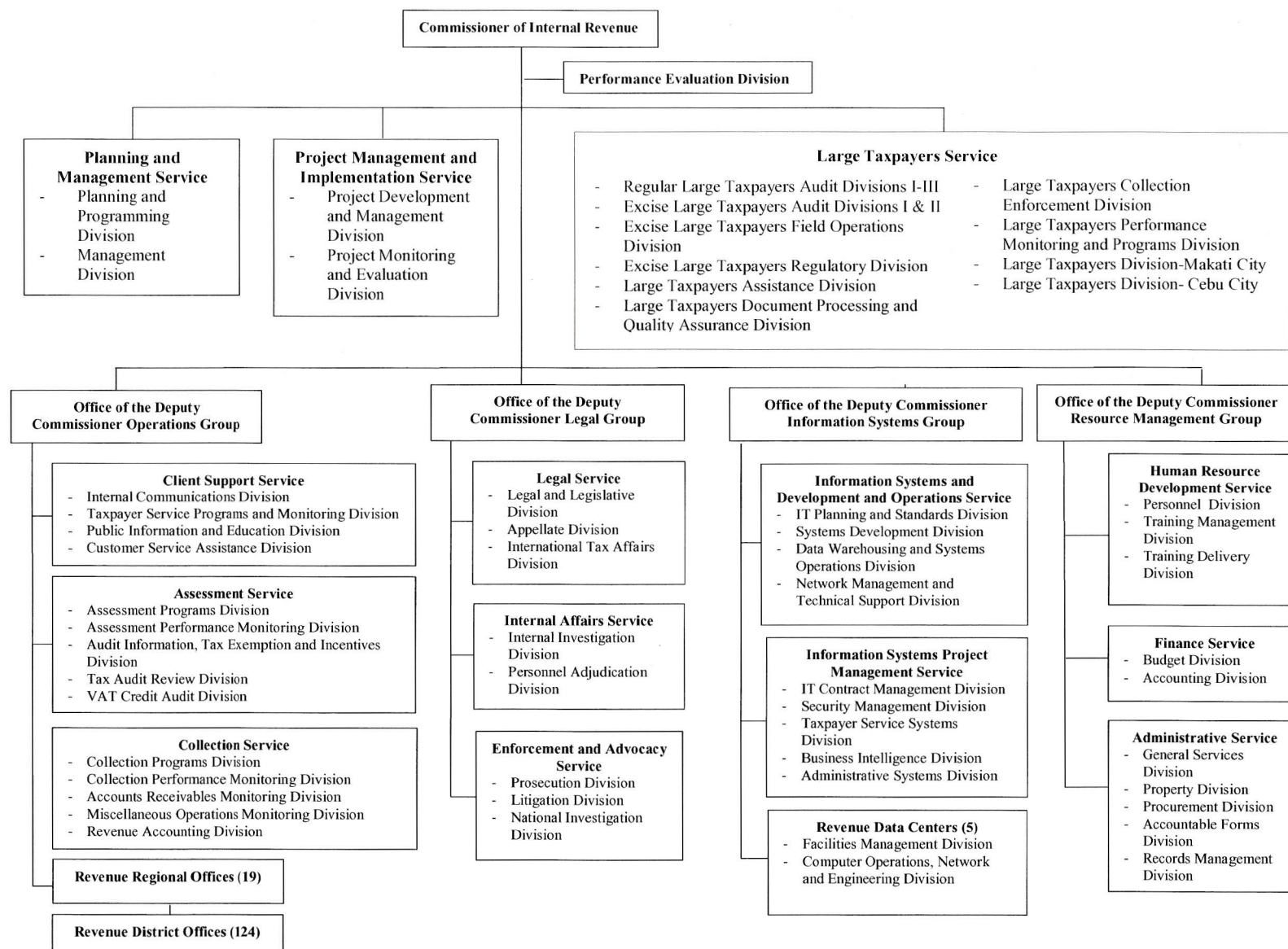
Country	Tax Item-Based	Function-Based	Taxpayer Segment-Based
Brunei Darussalam	No	Yes	No
Cambodia	No	Yes	No
Indonesia	No	Yes	No
Lao PDR	No	Yes	No
Malaysia	No	Yes	No
Myanmar	No	Yes	No
Philippines*	No	Yes	No
Singapore	Yes	Yes	No
Thailand	No	Yes	Yes
Vietnam	...	...	...

*The internal organization design of the Philippines BIR, although generally function-based, also has a Large Taxpayers Service in which tax item-based divisions like the Excise Large Taxpayers Audit Divisions I and II, and Excise Large Taxpayers Field Operations Division are included.

...= data not available

Sources: ADB study 2016

All ASEAN tax bureaus adopt the function-based internal organization design. Singapore adopts a hybrid of function-based and tax-item based while Thailand, a hybrid of function-based and taxpayer segment-based. The Philippines tax bureau, although generally function-based also include divisions to manage the compliance of large taxpayers.

Figure 1. ORGANIZATIONAL STRUCTURE OF THE BUREAU OF INTERNAL REVENUE (PHILIPPINES)

Source: Bureau of Internal Revenue

Bureau of Internal Revenue (BIR) of the Philippines

Figure 1 shows the organizational structure of the Bureau of Internal Revenue (BIR) of the Philippines as an example of a tax bureau that adopts mainly a function-based internal organizational design. The main divisions of the BIR are classified according to its general functions (Operations Group, Legal Group, Information Systems Group, and Resource Management Group). Under these are other function-based divisions (Client Support Service, Legal Service, Information Systems Development and Operations Service, Human Resource Development Service, etc.). Within these divisions are units that perform specific functions like Taxpayer Service Programs and Monitoring Division, Audit Information Division, Tax Exemption and Incentives Division, Collection Performance Monitoring Division, and International Tax Affairs Division. A service dedicated to a specific taxpayer segment, the Large Taxpayers is included in the BIR structure e.g., Regular Large Taxpayers Audit Division, Excise Large Taxpayers Audit Division, Large Taxpayers Assistance Division, Large Taxpayers Document Processing and Quality Assurance Division, among others.

Also, an in-house information and technology division that manages the modernization in the Bureau's operations has been established. Additionally, the BIR has an independent unit, the Performance Evaluation Division, the function of which is to monitor and review the performance, internal control effectiveness, and compliance of the Bureau with policies, plans and procedures, and other laws and regulations.

Through the functional groupings, administrative duplication is eliminated and greater standardization of work processes across taxes is achieved. Despite these, however, some revenue authorities noted that the function-based model is not optimal in raising tax compliance across all segments of taxpayers given their differing characteristics, behavior and attitude to tax compliance.⁵

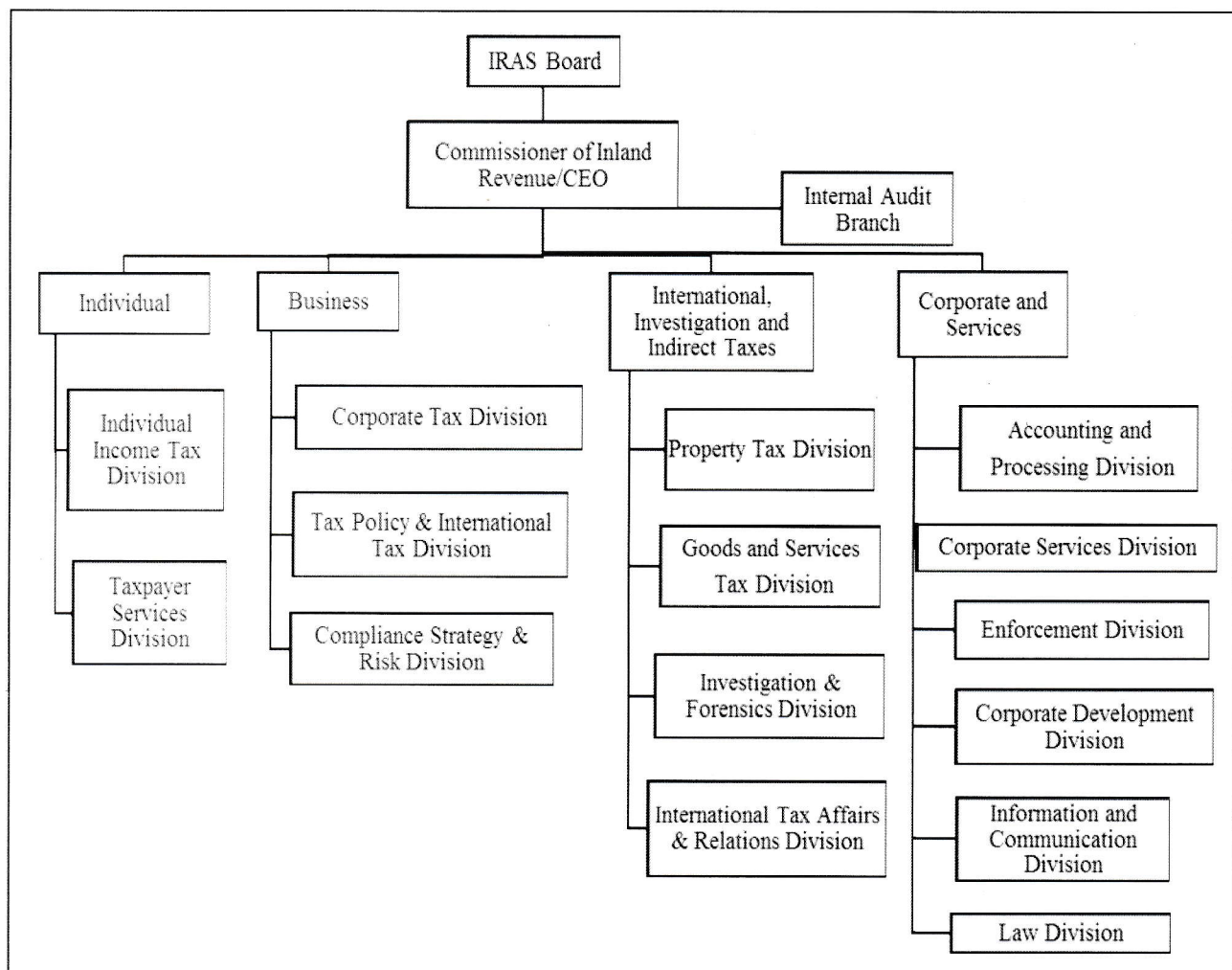
Inland Revenue Authority of Singapore (IRAS)

Figure 2 shows the organizational structure of the IRAS as an example of a tax bureau that adopts a combination of tax item-based and function-based model of internal organization design. It is constructed according to tax-items, e.g. Individual and Business Income Tax Services, Corporate and Services, and International, Investigation and Indirect Taxes. Under these services are function-based divisions that support the administration of each tax type. For example, a division dedicated to individual income tax can focus on the implementation of that single tax type and a division within the same service, say, Taxpayer Services Division, can raise the compliance level of income taxpayers. Also, the IRAS has an in-house Information and Communication Division.

⁵ OECD (2015), Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies, OECD Publishing, Paris.

The IRAS oversight committee, the IRAS Board, allows a check-and-balance function over the executive division. It is composed of the Permanent Secretary of Finance as the Chairperson, and eight (8) members: the Commissioner of IRAS, Permanent Secretary of National Population & Talent Division and National Climate Change, and six other professionals from the private sector (law, accountancy, finance and education). The main functions of the Board include the review of IRAS accounting and financial policies and internal controls, and approval of key remuneration policies, appointments and promotion; protection of taxpayers' rights; and development of flexible policies to keep up with the rapidly changing economic and business environment.⁶

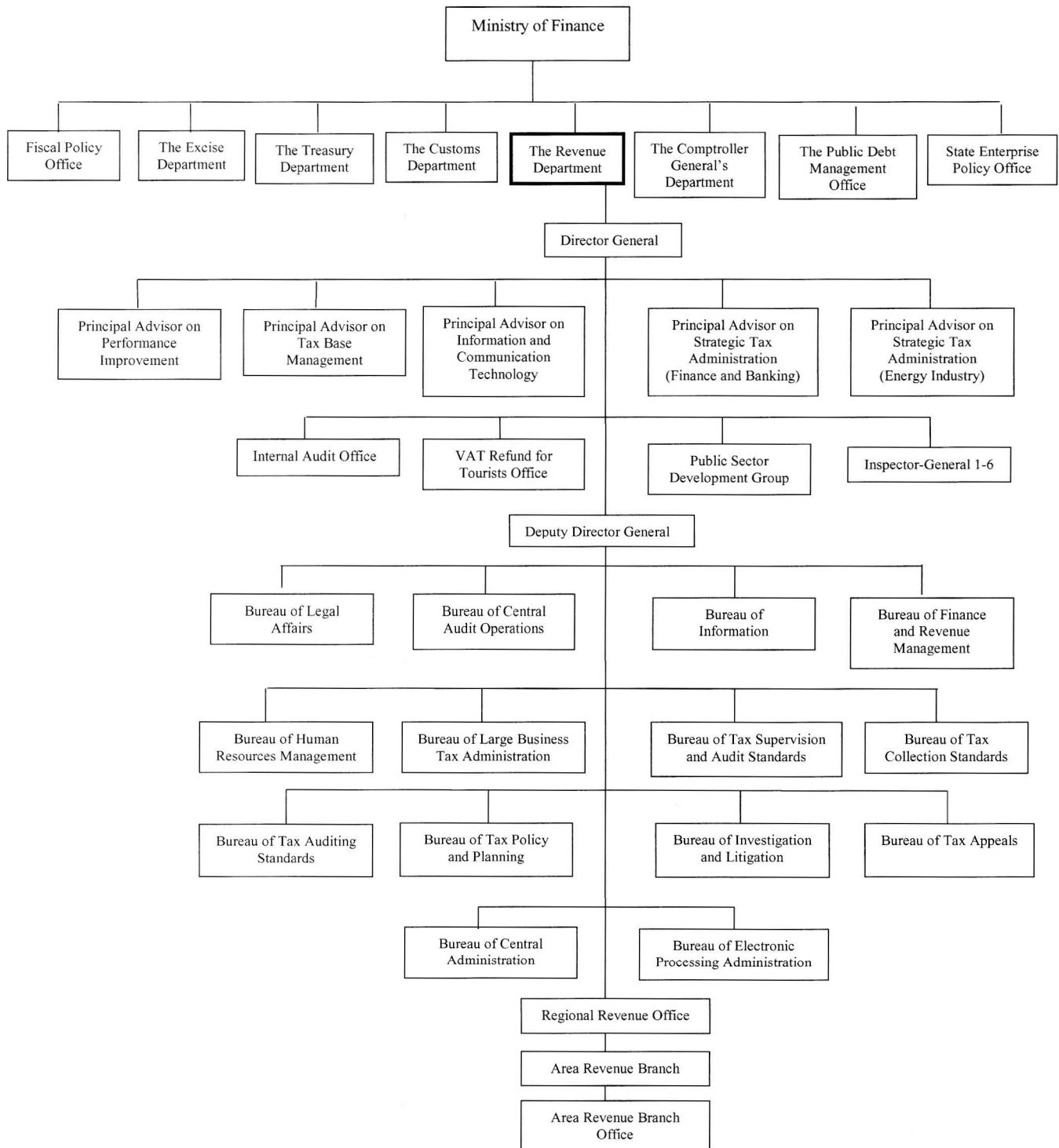
Figure 2. ORGANIZATIONAL STRUCTURE OF INLAND REVENUE AUTHORITY OF SINGAPORE



Source: Inland Revenue Authority of Singapore (IRAS)

⁶ <https://www.iras.gov.sg/irashome/About-Us/Our-Organisation/Board-Members-and-Committees/>, accessed on September 27, 2016.

Figure 3. ORGANIZATIONAL STRUCTURE OF THE REVENUE DEPARTMENT (THAILAND)



Source: Thailand's Ministry of Finance and The Revenue Department

Revenue Department (RD) of Thailand

The Revenue Department (RD) of Thailand adopts a hybrid of function-based and taxpayer segment-based internal organization design. The groups/divisions of the RD are classified either according to functions (i.e. Bureau of Legal Affairs, Bureau of Finance and Revenue Management, Bureau of Human Resource Management, Bureau of Investigation and Litigation, Bureau of Tax Appeals, etc.) or the taxpayer group they cater (i.e. Bureau of Large Business Tax Administration).⁷ Through the adoption of the function-based and taxpayer segment-based internal organizational structure, the RD achieves efficiency in its operations as the work processes are streamlined and at the same time, the compliance level for specific taxpayer group (i.e. Large Businesses) is enhanced. Similar to the BIR and the IRAS, the RD also has an IT division. Separate Excise Department is dedicated for Excise Taxpayers.

For the continuous improvement in its tax administration, the RD has five (5) executives who act as principal advisors on matters such as Performance Improvement, Information and Communication Technology, Tax Base Management, and Strategic Tax Administration in areas of Finance and Banking, and Energy Industry.

B.2. Office Network

The size and network of offices of tax bureaus is largely proportional to the size of the particular country. Tax bureaus usually have network of offices that are dispersed to cover the entire country.

Generally, tax bureaus adopt a three-tier structure of office network; headquarters or national offices, regional offices, and district offices. Headquarters or national offices are commonly located in the country's capital or its key cities. Under the headquarters or national offices are regional offices that are situated across the country, which supervise the district offices that usually deal with frontline tax administration services.

⁷ The NTRC sent an inquiry to the Revenue Department of Thailand to verify the existence of a unit dedicated for Small and Medium Business Tax Administration as published in the OECD's Tax Administration 2015.

Table 4. OFFICE NETWORK OF TAX ADMINISTRATION OFFICES, 2013

Country	Number of Regional or Provincial Offices	Number of District Offices	Number of Local Offices Including Those with Limited Functions	Total Number of Offices Including Headquarters	Population to Offices Ratio (millions per office)
Brunei Darussalam				1	0.39
Cambodia	30	135		166	0.09
Indonesia	31	331	207	570	0.42
Lao PDR		17		18	0.35
Malaysia	12		67	80	0.36
Myanmar	16	262		279	0.19
Philippines	19	124		144	0.68
Singapore				1	5.30
Thailand	12	849		862	0.08
Vietnam	...	...	...	...	...

...= data not available

Source: ADB study 2014

Five (5) ASEAN tax bureaus (Cambodia, Indonesia, Myanmar, Philippines, and Thailand) adopt a three-tier structure of office network. It may be observed that the countries which have the most number of offices including headquarters are the countries with the largest land area (Thailand, Indonesia, and Myanmar). On the other hand, Brunei Darussalam and Singapore have their headquarters and all tax operations performed in one office.

The population to offices ratio gives a measure of the density of tax office networks. Thailand has the most number of tax offices with a total of 862 or a ratio of 80,000 people per office; followed by Indonesia with 570 offices with a ratio of 420,000 people per office in 2013. In the Philippines, the ratio was 680,000 people per office during the period.

Global modern practices suggest that putting up additional tax offices is not necessarily the solution to solve the problem of 'scarcity of tax offices' or adequate tax administration. Recent reforms in tax administration include the reduction of the number of tax offices by reconfiguring them into a smaller number of large offices in order to achieve economies of scale. Additionally, finding alternative ways in delivering services to taxpayers (i.e., use of internet in service delivery) is also viewed as a way to attend to growing number of taxpayers.⁸

⁸ OECD (2015), op. cit.

C. Human Resources Management

C.1. Aspects of Human Resources Management

All ASEAN revenue authorities have staff development initiatives to enhance risk management skills and staff training. These trainings and developments are beneficial as they increase the workers' productivity and reduce staff turnover. It is also crucial in enabling staff to cope with rapid changes that take place in the tax bureaus' service delivery.

With regard to performance management system, all ASEAN tax bureaus have such system in place. Performance management system is important as it enables the tax bureaus to monitor the performance of their staff and the organization as a whole.

The most autonomous tax bureaus in terms of human resources management are those of Malaysia and Singapore, while Cambodia tax bureau remains to be least autonomous. The Philippines tax bureau, on the other hand, also has all the indicators of an autonomous human resources management except for the flexibility to set its own pay levels.

Table 6. HUMAN RESOURCES MANAGEMENT OF ASEAN TAX BUREAUS

Country	Staff Development Initiatives to Enhance Risk Management Skills	Performance Management System is in Place	Pay Levels Tied to Public Sector Pay Scales	Periodic Surveys of Staff on Satisfaction
Brunei Darussalam	Yes	Yes	Yes	Yes
Cambodia	Yes	Yes	Yes	No
Indonesia	Yes	Yes	No	No
Lao PDR	...	...	...	...
Malaysia	Yes	Yes	No	Yes
Myanmar	...	...	...	...
Philippines	Yes	Yes	Yes	Yes
Singapore	Yes	Yes	No	Yes
Thailand	Yes	Yes	Yes	Yes
Vietnam	...	...	...	...

...= data not available

Source: ADB study 2016

Except for the tax bureaus of Indonesia, Malaysia, and Singapore, the compensation package among ASEAN revenue authorities remains tied to the public sector pay scales. It is important for a revenue body to have a flexible pay

structure considering that high remuneration along with other factors that contribute to good working conditions attract and retain high-calibre professionals.

Indonesia shifted to new remuneration schemes when the old Directorate General of Taxation (DGT) HR regime, which was based on standard civil service system, became poorly suited for motivating its workforce.⁹ Economic downturns and the pressure to collect more government revenue urged Indonesia to reform its tax administration.

Malaysia started its new remuneration regime for tax employees when the former tax bureau (Inland Revenue Department) was transformed into an independent statutory body in 1996 and was renamed Inland Revenue Board of Malaysia (IRBM). Aside from its unique pay scale, the IRBM also has the flexibility to reward good performance. Outstanding performers receive annual salary adjustments of 7%-8% compared with an average adjustment of 6%. Those who receive upward adjustments also receive a bonus equivalent to a half month or whole month salary.¹⁰

In the case of Singapore, the flexibility to manage personnel and financial resources started when the Inland Revenue Department (IRD) was converted into a statutory body under the Ministry of Finance and renamed the Inland Revenue Authority of Singapore (IRAS). The new governance structure gave the IRAS flexibility in its administrative operations, allowing it to establish salary pay grades that are benchmarked to the jobs market. The IRAS adopted a performance-based remuneration system (PARS) wherein performance bonus and salary increments are given in addition to monthly salaries. Better performing staff are rewarded with higher performance bonuses and increments. Bonus payments corresponding to each performance grade are transparent so that the staff could see the differentiated amounts and strive for better performance. In addition, the IRAS has the flexibility to reward good performance of individual staff members and the organization as a whole. The key performance indicators (KPI) are the payment criteria for the "Organization Bonus". All staff are familiar with the KPIs and are able to relate and influence the outcomes. The number of KPIs met determine the amount of Organization Bonus that the IRAS can pay to a staff, providing a direct linkage between staff performance and organization performance.¹¹

In the Philippines, the current pay scales of revenue authorities are still tied with the public sector pay scales or the Salary Standardization Law (SSL). However, several bills are filed in Congress seeking to exempt the BIR from the SSL and grant a performance-based compensation package to all its officials and employees.

⁹ Tax Administration Reform and Fiscal Adjustment: The Case of Indonesia (2001-07), IMF Working Paper.

¹⁰ Satoru Araki and Iris Claus, op. cit.

¹¹ OECD (2015), op. cit.

It may be worth noting that there is already a system of reward and punishment for the staff of the BIR. Its officials and employees may receive a reward or punishment depending on their performance pursuant to Republic Act (RA) No. 9335.¹² The law provides that employees who fall short of their collection targets by at least 7.5% would be dismissed from service¹³ while those who go beyond expectations will be given incentives that may include cash and other non-monetary rewards and incentives.¹⁴

However, the government admitted that the said law has not been strictly enforced. Since the enactment of RA 9335 in 2005 up to 2015, the BIR total actual collection fell short of its total revenue target, even exceeding 7.5% of revenue targets in some years (2008- 8%; 2014- 8%; 2015- 14%). Despite these shortfalls in the collection, the execution of the corresponding sanctions was not implemented. One of the issues raised against the implementation of the law is the fear that it may not serve its right purpose given the target setting faced by the revenue authorities. It was pointed out that the collection target assigned to the Bureau is believed to be properly set but the distribution of revenue targets among the different units within the Bureau must be further evaluated.¹⁵

As of date, the Congress is set out to re-examine the implementation of the law through the reactivation of the Joint Congressional Oversight Committee. The DOF, on the other hand, intends to review the Attrition Law and submit a report to Congress.¹⁶

¹² Republic Act (RA) No. 9335 otherwise known as the “Attrition Act of 2005”

¹³ Section 18 of the Implementing Rules and Regulations of RA 9335 otherwise known as the “Attrition Act of 2005”.

¹⁴ Section 12 of the Implementing Rules and Regulations of RA 9335 otherwise known as the “Attrition Act of 2005”.

¹⁵ Statement of former Finance Secretary Cesar Purisima during a hearing at the House of Representatives, as to why the Attrition Law is not being implemented. <http://www.philstar.com/business/2012/08/04/834600/strict-implementation-lateral-attrition-law-urged>, Accessed on December 1, 2016

¹⁶ <http://www.philstar.com/business/2016/09/15/1623774/congress-review-lateral-attrition-law>, Accessed on December 1, 2016.

C.2. Staff Turnover Rates¹⁷

Table 9. TURNOVER RATES IN ASEAN TAX BUREAUS, 2011

Country	Staffing (All Revenue Body Functions)			
	At Start of 2011	Recruited In 2011	Departures In 2011	Turnover Rate (%) ¹⁸
Brunei Darussalam	26	5	1	5.8
Cambodia	...	...	...	...
Indonesia	31,410	835	835	2.7
Lao PDR	...	...	...	...
Malaysia	10,086	350	129	1.3
Myanmar	...	...	...	...
Philippines	10,311	76	406	4.0
Singapore	1,823	150	122	6.6
Thailand	...	...	...	...
Vietnam	...	...	...	...

...= data not available

Source: ADB study 2014

Staff turnover rate refers to the rate at which employees leave an organization during a defined period (normally a year).¹⁹ Having a high turnover rate can be detrimental to revenue authorities as it runs counter to their goal of recruiting and retaining high performing employees. It entails cost on the part of the management through new recruitments and conduct of trainings for newly hired personnel who will replace those who leave the bureau. It also entails non-monetary costs like decrease in productivity due to the departure of trained staff, and lower staff morale. Furthermore, several aspects of human resource management, i.e., staff development and performance management, could be well complemented by a pay level commensurate to their acquired skills. It would be a waste of resources having to train personnel in order to be fully equipped with skills necessary for their highly technical work, only to lose them to private companies offering higher salary and other incentives.

Aside from low compensation, high turnover rate may be attributed to a number of factors like staff dissatisfaction, and macroeconomic factors like recession or even good economic condition. Recession may cause revenue authorities to cut their costs by downsizing, leading to high turnover rate. In case of favorable economic conditions where unemployment is low, there is still a tendency for high turnover rate because finding a better job elsewhere is relatively easier than during low to moderate economic growth.

¹⁷ The term *attrition* as used in the ADB study is replaced with the term *turnover* to avoid confusion with the use of the word *attrition* in the earlier sections of this paper.

¹⁸ Turnover Rate (%) = number of staff departures/ average staffing level x 100 (where the average staffing level = (opening staff member + end-of-year staff members)/2).

¹⁹ OECD (2015), op. cit.

Among the ASEAN tax bureaus, Singapore has the highest turnover rate (6.6%) which may be attributed to its very low unemployment rate which ranged only from 2-3% from 2010-2014.²⁰ Next to Singapore is Brunei Darussalam (5.8%) where computed turnover rate is relatively high due to minimal number of staff. The Philippines has a turnover rate of 4% while Indonesia and Malaysia both enjoy lower turnover rates of 2.7% and 1.3%, respectively.

III. PROPOSED MEASURES TO IMPROVE THE BIR TAX ADMINISTRATION

The pursuit for better tax administration is evident in some of the bills filed/re-filed in the 17th Congress. These bills include House Bill (HB) No. 695²¹ which seeks to create the National Revenue Authority. It is an entirely new revenue body that has corporate-like features. Among its salient features is the adoption of new organizational/staffing pattern, and replacement of regular budget appropriation of the revenue authorities to annual service charge in proportion to the organization's yearly collection. It aims to address some of the fundamental institutional constraints being faced by the BIR, such as: (a) rigid personnel management system where promotion is based merely on loyalty and seniority rather than exemplary performance (e.g., exceeding revenue target); (b) compensation structure that restricts the hiring of first-rate professionals; and (3) strict line-item budgeting that limits the allocation of funds.

There are also bills (HBs 5028²² and 4973²³ and Senate Bill Nos. 1314,²⁴ 1315²⁵ and 1316²⁶) that seek to exempt the BIR from the Salary Standardization Law by developing a

²⁰ World Bank, "World Economic Indicators. (2010-2014)", Available online at: <http://databank.worldbank.org/data/reports.aspx?source=2&series=SL.UEM.TOTL.ZS&country=>, accessed on September 21, 2016.

²¹ Entitled, "An Act Creating the National Revenue Authority, Providing Fund Therefor", Introduced by Representative Gloria Macapagal-Arroyo, 17th Congress, First Regular Session.

²² Entitled, "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," Sponsored by Deputy speaker Raneo E. Abu, 17th Congress, First Regular Session.

²³ Entitled, "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, Introduced by Representative Pantaleon D. Alvarez and Representative Dakila Carlo E. Cua, 17th Congress, First Regular Session.

²⁴ Entitled, "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." Introduced by Senator Sonny Angara.

²⁵ Entitled, "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." Introduced by Senator Juan Miguel Zubiri.

new compensation plan to attract and retain high-caliber lawyers and accountants. As earlier mentioned, among the ASEAN member-countries, revenue authorities in Indonesia, Malaysia, and Singapore have flexibility to set their own pay levels.

Furthermore, HB 4888²⁷ seeks to advance taxpayer segmentation in the BIR and introduce units that will better serve the needs of micro, small and medium taxpayers in addition to the existing Large Taxpayer Service.

V. CONCLUSION

In principle, efficient revenue administration equates to efficient revenue collection. An ideal revenue administration is one that is granted fair autonomy in its operations and management; adopts an organizational structure that streamlines administrative works to minimize the cost of collection and at the same time enhances compliance and convenience of the taxpayers; has a human resources management that is effective in motivating its workforce; among others.

In the Philippines, the desire to improve tax administration is evident in some of the measures proposed in Congress. As of this writing, public hearings are conducted to solicit the views of various government agencies and organizations in the private sector on the proposals.



²⁶ Entitled, “An Act Exempting the Bureau of Internal Revenue from the Coverage of Republic Act (RA) No. 6758, Otherwise Known as the Compensation and Position Classification Act of 1989, as Amended, and for Other Purposes.” Introduced by Senator Ralph G. Recto.

²⁷ Entitled, “An Act Introducing Administrative Tax Reforms, Amending Sections 6,21,22,50,51,52,74,76,109,112,114,116,128 and 245 of Republic Act (RA) No. 8424 Otherwise Known as the National Internal Revenue Code of 1997, as amended, and Section 5 of Republic Act (RA) No. 9335, Otherwise Known as Attrition Act of 2005, Introduced by Representative Joey Sarte Salceda, 17th Congress, First Regular Session.