

**MALACAÑANG**  
**Manila**

**BY THE PRESIDENT OF THE PHILIPPINES**

**ADMINISTRATIVE ORDER NO. 188**

**AUTHORIZING THE BUREAU OF INTERNAL REVENUE TO OUTSOURCE  
THE ENCODING AND DATA PROCESSING OF DECLARATIONS AND  
RETURNS TO QUALIFIED SERVICE PROVIDERS**

**WHEREAS**, the Bureau of Internal Revenue (BIR) is implementing a long-term program to transform itself into a world-class tax administrator pursuant to the mandate of Executive Order No. 175;

**WHEREAS**, at the core of this program is the five-year Tax Computerization Project (TCP), which commenced in August 1994 and ended in December 1999;

**WHEREAS**, the main component of the TCP is the Integrated Tax System (ITS), which was developed to enable the efficient and effective collection by the BIR of its assigned revenue targets;

**WHEREAS**, on October 31, 2000, Executive Order No. 306 was issued to enhance the effectiveness of the BIR's Computerized Integrated Tax System;

**WHEREAS**, despite the turn-over to the BIR of TCP systems infrastructure, the roll-out of functional capability of ITS has been severely constrained by the BIR's limited resources and inability to hire and retain qualified personnel to operate, manage and maintain the ITS, thereby preventing TCP from achieving the desired benefit level;

**WHEREAS**, in order to address this concern, there is a need to outsource the BIR's technical support functions, specifically, the data entry services, which involves the encoding and processing of tax declarations and returns;

**WHEREAS**, outsourcing the data entry services to qualified service providers will obviate the need for the BIR to hire additional personnel and incur concomitant expenses; and

**WHEREAS**, under Section 20, Book III of Executive Order No. 292 (Revised Administrative Code), the President is empowered to exercise such other powers and functions.



**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1.** The BIR is hereby authorized to outsource the data entry services or the encoding and processing of tax declarations and returns to qualified service providers.

**SECTION 2.** The BIR shall undertake the procurement for the outsourcing of data entry services in accordance with the provisions of Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act".

**SECTION 3.** The disclosure by the BIR of confidential information regarding a taxpayer's business, income or estate to the service provider shall be for the sole purpose of converting into electronic format data items from his declarations and returns, and such confidential information shall not be used for any other purpose or disclosed to unauthorized persons.

**SECTION 4.** To ensure confidentiality of all information that will come to the knowledge of the service provider, the Contract to be executed by the BIR and the service provider shall categorically provide that the service provider and its employees shall be considered as agents of the BIR. Thus, they shall be liable to penalties under Section 270, in relation to Section 269, of the Tax Code in case of any unlawful divulgence of any information regarding the business, income or estate of any taxpayer.

**SECTION 5.** All executive issuances, rules and regulations, or parts thereof, which are inconsistent with this Administrative Order, are hereby repealed or modified accordingly.

**SECTION 6.** This Administrative Order shall take effect immediately.

**DONE** in the City of Manila, on this 6<sup>th</sup> day of August in the year of our Lord, Two Thousand and Seven.

By the President:

  
**EDUARDO R. ERMITA**  
 Executive Secretary



