

EXECUTIVE ORDER NO. 45

AMENDING EXECUTIVE ORDER NO. 1042 ENTITLED "PROVIDING FOR AN INTERNAL REVENUE SERVICE CAREER SYSTEM IN THE BUREAU OF INTERNAL REVENUE AND FOR OTHER PURPOSES".

WHEREAS, the grant to revenue personnel of financial incentives based on performance and collection efficiency encourages productivity;

WHEREAS, the existing incentive system allows the grant of incentives even for automatic growth of collections which does not reflect a real increase in revenue collections;

WHEREAS, it is imperative that the said incentive system be revised to give real impetus to personnel performance and productivity;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 7 of Executive Order No. 1042 is hereby amended to read as follows:

Section 7. The amount appropriated in the Bureau of Internal Revenue budget for Personnel Services shall be used for the implementation of this Executive Order. Any deficiency in the appropriation shall be funded from the BIR Special Fund hereinafter referred to as the Fund, which is hereby created out of the real increase in revenue collections over that of the immediately preceding year but not in excess of:

For CY 1986, 10% of actual collections in excess of 8% of GNP for 1985;

For CY 1987, 10% of actual collections in excess of 8.5% of GNP for 1987;

For CY 1988, 10% of actual collections in excess of 9% of GNP for 1988;

For CY 1989, 10% of actual collections in excess of 9.5% of GNP for 1989;

For CY 1990, 10% of actual collections in excess of 10% of GNP for 1990;

For CY 1991, 10% of actual collections in excess of 10.5% of GNP for 1991;

For CY 1992, 10% of actual collections in excess of 11% of GNP for 1992;

For CY 1993, 10% of actual collections in excess of 11.5% of GNP for 1993:

For CY 1994 and thereafter, 10% of actual collections in excess of 12% of GNP for the applicable Calendar Year.

As used in this Executive Order "real increase" is defined as the actual increase in revenue collections adjusted for such factors as inflation, net effect of new tax measures and other factors, as set forth in annual budgets approved by the Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue.

The amount so determined shall be considered as receipts automatically appropriated and shall be made available for expenditures enumerated in Sections 4 and 5 of the Executive Order No. 1042 as well as expenses in connection with the establishment of the Internal Revenue Service Career System; Provided, that all income accruing to the Fund starting CY 1986 as herein provided shall be in addition to the unutilized balance standing to the credit of the BIR Special Fund created under Section 7 of E.O. 1042 as of the date of effectivity of this Order.

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. Effectivity. This Order shall take effect immediately.

Done in the City of Manila, this 4th Day of September in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) CORAZON C. AQUINO
President of the Philippines

By the President:

(SGD.) JOKER P. ARROYO
Executive Secretary