

**C. BUREAU OF INTERNAL REVENUE**

**STRATEGIC OBJECTIVES**

**MANDATE**

The BIR is mandated by law to assess and collect all national internal revenue taxes, fees and charges, and to enforce all forfeitures, penalties and fines connected therewith, including the execution of judgements in all cases decided in its favor by the Court of Tax Appeals and the ordinary courts. (Sec. 2 of the National Internal Revenue Code of 1997)

**VISION**

The Bureau of Internal Revenue is an institution of service excellence, a partner in nation-building, manned by globally competitive professionals with integrity and patriotism. (RMO No. 23-2011)

**MISSION**

The Bureau of Internal Revenue is committed to collect taxes for nation-building through excellent, efficient and transparent service, just and fair enforcement of tax laws, uplifting the life of every Filipino. (RMO No. 23-2011)

**KEY RESULT AREAS**

Anti-Corruption, Transparent, Accountable and Participatory Governance

**SECTOR OUTCOME**

Fiscal Strength

**ORGANIZATIONAL OUTCOME**

Improved Internal Revenue Collection

**New Appropriations, by Program/Project**

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Current Operating Expenditures

	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Financial Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
<b>PROGRAMS</b>					
100000000 General Administration and Support	P 442,396,000	P 748,034,000	P 185,370,000	P 120,755,000	P 1,496,555,000

GENERAL APPROPRIATIONS ACT, FY 2014

300000000 Operations	3,035,700,000	2,419,923,000	73,000		5,455,696,000
MFO 1: Tax Collection Services	3,035,700,000	2,419,923,000	73,000		5,455,696,000
<b>Total, Programs</b>	<b>3,478,096,000</b>	<b>3,167,957,000</b>	<b>185,443,000</b>	<b>120,755,000</b>	<b>6,952,251,000</b>
<b>TOTAL NEW APPROPRIATIONS</b>	<b>P 3,478,096,000</b>	<b>P 3,167,957,000</b>	<b>P 185,443,000</b>	<b>P 120,755,000</b>	<b>P 6,952,251,000</b>

**New Appropriations, by Central/Regional Allocation**

**Current Operating Expenditures**

	Personnel Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlays	Total
<b>REGION</b>					
Central Office	P 810,685,000	P 1,655,774,000	P 185,079,000	P 120,755,000	P 2,772,293,000
Regional Allocation	2,667,411,000	1,512,183,000	364,000		4,179,958,000
National Capital Region (NCR)	888,681,000	612,800,000	27,000		1,501,508,000
Region I - Ilocos	134,795,000	68,328,000	120,000		203,243,000
Region II - Cagayan Valley	85,885,000	57,885,000	10,000		143,780,000
Cordillera Administrative Region (CAR)	94,861,000	38,326,000			133,187,000
Region III - Central Luzon	158,296,000	100,990,000	100,000		259,386,000
Region IVA - CALABARZON	208,152,000	83,702,000			291,854,000
Region V - Bicol	116,365,000	35,780,000	34,000		152,179,000
Region VI - Western Visayas	205,829,000	115,405,000			321,234,000
Region VII - Central Visayas	140,221,000	79,432,000			219,653,000
Region VIII - Eastern Visayas	119,962,000	60,634,000			180,596,000
Region IX - Zamboanga Peninsula	104,750,000	44,610,000			149,360,000
Region X - Northern Mindanao	127,840,000	51,233,000			179,073,000
Region XI - Davao	95,972,000	68,631,000	33,000		164,636,000
Region XII - SOCCSKSARGEN	104,666,000	68,764,000			173,430,000
Region XIII - CARAGA	81,136,000	25,663,000	40,000		106,839,000
<b>TOTAL NEW APPROPRIATIONS</b>	<b>P 3,478,096,000</b>	<b>P 3,167,957,000</b>	<b>P 185,443,000</b>	<b>P 120,755,000</b>	<b>P 6,952,251,000</b>

**Special Provision(s)**

1. **Fines and Penalties.** Of the amount appropriated herein for MOOE, Fifty Million Pesos (P50,000,000) sourced from the income generated from fines and penalties imposed for violations related to the printing and issuance of receipts and invoices, and other violations of the National Internal Revenue Code shall be used to fund the requirements of the Tax Receipt Raffle Program, subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, s. 1987.

The BIR shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments of this income. The Commissioner of Internal Revenue and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BIR.

2. **One Percent (1%) Share in Taxes on Locally-manufactured Virginia-type Cigarettes.** In addition to the amounts appropriated herein, Three Hundred Fifteen Million Four Hundred Thirty One Thousand Pesos (P315,431,000) sourced from the one percent (1%) share in the taxes on locally-manufactured Virginia-type cigarettes shall be used for the purchase of materials, apparatus, equipment, as well as improvement and adoption of modern methods for the effective enforcement and collection of taxes, in accordance with R.A. No. 5447.

Releases from said amount shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The BIR shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments of this income. The Commissioner of Internal Revenue and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said

quarterly reports are likewise posted on the official website of the BIR.

3. Bank Penalties. In addition to the amounts appropriated herein, One Hundred One Million Seven Hundred Five Thousand Pesos (P101,705,000) sourced from penalties for delayed remittances by banks shall be used for programs, projects and activities of the BIR in the furtherance of its collection function, subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The BIR shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments of this income. The Commissioner of Internal Revenue and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BIR.

4. Tax Refund. The amount of Eight Billion Nine Hundred Eighty Six Million Eighty One Thousand Pesos (P8,986,081,000), recorded as trust receipts from the current year's revenue tax collections of the BIR and deposited with the National Treasury, shall be used for the settlement of the following claims: (i) refund of excess or erroneous collection of value-added tax (VAT) and other internal revenue taxes in accordance with Section 229 of R.A. No. 8424; (ii) payment of cash conversion of valid and unexpired Tax Credit Certificates (TCCs) in accordance with Section 204 of R.A. No. 8424; (iii) refund of input taxes attributable to zero-rated or effectively zero-rated transactions under Section 112 of R.A. No. 8424, as amended; and (iv) payment for the monetization of VAT TCCs as part of the TCC Monetization Program, in accordance with pertinent issuances and guidelines: PROVIDED, That payment of tax refunds shall be subject to COA audit: PROVIDED, FURTHER, That any unutilized amount from said amount at the end of the year shall revert to the unappropriated surplus of the General Fund in accordance with Section 45, Chapter 5 Book VI of E.O. No. 292.

The report on the current year's revenue tax collection of the BIR shall be correspondingly adjusted equivalent to the amounts refunded for taxes collected in current and prior years.

The BIR shall submit, either in printed form or by way of electronic document, to the DBM, the House Committee on Appropriations and Senate Committee on Finance, separate quarterly reports on the amounts of tax refunds and the recipient taxpayers. The Commissioner of Internal Revenue and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BIR.

Implementation of this provision shall be subject to guidelines to be jointly issued by the DOF, BIR and DBM.

5. Informer's Reward. Pursuant to Section 282 (A) of R.A. No. 8424, ten percent (10%) of the revenues, surcharges or fees recovered and/or fines or penalties imposed for violations of the National Internal Revenue Code or One Million Pesos (P1,000,000) per case, whichever is lower, shall be recorded as trust receipts by the BIR and deposited with the National Treasury. Such amount may be released and used for the payment of informer's reward to persons instrumental in the discovery of such violations, except internal revenue officials or employees, or other public officials or employees, whether incumbent or retired, who acquired the information in the course of the performance of their duties during their incumbency, and their relatives within the sixth degree of consanguinity.

Implementation of this provision shall be subject to guidelines to be jointly issued by the DBM, DOF, BIR and BTr.

6. Database on the LGU Share in Incremental Collection from Value-Added Tax. The amount appropriated herein for MOOE shall include the allocation for the establishment of a database on the seventy percent (70%) share of LGUs in the incremental collection from VAT to facilitate the issuance of certification of the BIR: PROVIDED, That the said database shall be completed within the first semester of FY 2014.

The Commissioner of Internal Revenue and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that the database of LGU share from VAT are posted on the official website of the BIR.

7. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

**PERFORMANCE INFORMATION**

**KEY STRATEGIES**

1. Attained collection targets and sustained collection growth
2. Improved taxpayer satisfaction and compliance
3. Strengthen Good Governance
4. Improve assistance, compliance and enforcement process
5. Improve integrity and accuracy of taxpayer database
6. Improve integrity, competence, professionalism, and satisfaction of human resources
7. Improve knowledge management
8. Optimize management of resources

**MAJOR FINAL OUTPUTS (MFOs) / PERFORMANCE INDICATORS (PIs)**

**Targets**

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**MFO 1: TAX COLLECTION SERVICES**

Collection performance

P 1,456,320,000,000

**Collection growth**

**16.6%**

**Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.**