

# Philippine Tax Academy: The envisioned center of learning for government tax collectors and CPAs

## *Part 2*



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**DFRIT CREDIT**

### **Tax Academy models**

The tax academy of the Philippines follows the model of similar dedicated learning institutions for tax authorities globally. Most tax authorities of the developed countries, including the United States of America, Great Britain, Germany, Australia and others have training institutions catering to the learning requirements of their tax collectors. In Asia, such countries as Japan, China, Malaysia, Singapore and India have these tax academies training their tax collectors.

I visited the National Tax College (NTC) of the National Tax Administration of Japan in 2009. My observations and findings of the

way the NTC is operated greatly influenced the Philippine Tax Academy (PTA) legislation that we drafted.

The NTC of Japan is an institution that provides training to Japan's tax officials as national public employees. The NTC consists of the Central Institute—composed today of the Kasumigaseki Office and the Wako Campus—and 12 regional training centers located throughout Japan. The Wako Campus is the ideal training facility, with its enviable resources of administration building, several training buildings, and auditorium, a student center, a gymnasium, several dormitory buildings with condominium-like rooms, and even a tax museum.

The National Tax Agency employs a staff training system structured around the following three pillars: (1) Group training programs provided by NTC; (2) On-the-job training individually provided by supervisors and duty advisors in the course of everyday work; and (3) Group training courses held at the workplace. The NTC also trains new recruits from high school and universities so that they can carry out the duties expected of them as tax officials. The NTC provides regular job training update programs for tax officials who are already working in the field, enabling them to keep pace with the most recent changes. Furthermore, the NTC engages in academic surveys and research on taxation while providing international training programs for overseas tax officials mostly from Asia as part of international cooperation activities. In fact, the NTC has regularly been providing training to Bureau of Internal Revenue (BIR) officials who go to Japan for these courses for several years already.

The PTA can also follow the lead of other training institutes and academies in the Philippine bureaucracy, including the Department of

Trade Industry, Philippine Trade Training Center, Civil Service Institute, Philippine Military Academy, Philippine National Academy, Philippine Judicial Academy, Bangko Sentral ng Pilipinas Institute, Commission on Audit Professional Development Center, Department of the Interior and Local Government-Local Government Academy, National Education Academy, Foreign Service Institute, National Defense College, National Economic and Development Authority Statistical Research and Training Center, COA Professional Development Center, Development Academy of the Philippines, Technical Education and Skills Development Authority, and the Department of Science and Technology -Technology Resource Center.

Therefore, the PTA has already several success stories that it can follow both on the local, as well as international area.

### **Status of the Philippine Tax Academy Act**

REPUBLIC Act (RA) 10143 provides that the Secretary of finance, in coordination with the commissioner of the BIR, commissioner of the Bureau of Customs (BOC), and the executive director of the Bureau of Local Government Finance (BLGF), and in consultation with representatives from academe, shall issue the implementing rules and regulations (IRR) within 90 days from the effectivity of the law.

However, after more than five years from the passage of the law, the IRR have not yet been issued and hence, the PTA unfortunately has not been established to date.

The Senate Tax Study and Research Office (STSRO), in its *Tax Bits* publication of July-August 2013, published an article entitled “RA 10143: A Case of Law Impoundment?” The article discussed the features of the law and cited that several stakeholders, including the STSRO, representatives from concerned sectors, such as academe were active participants in the drafting of the IRR for the PTA.

The group tasked to draft the IRR was chaired by the Finance Undersecretary Carlo Carag, sometime in 2011. The article also disclosed that in February and April 2013, the STSRO, through Director General lawyer Rodelio Dascil, wrote a follow-up letter to Finance Secretary Cesar V. Purisima and Carag inquiring on the status of the IRR of RA 10143.

The article raised the issue that several years have passed since the 15th Congress, which legislated the PTA Act ended on June 30, 2013. The article raised two questions: Where is the IRR for the Tax Academy? Why have the Department of Finance (DOF), BIR, BOC and BLGF refused to implement RA 10143?

On September 29, 2014 and May 25, 2015, I, as chairman of the Board of Accountancy (BOA), wrote to Carag. I cited the interest of the BOA on the IRR of the PTA Act since the academy, once established, will provide the training for the tax collectors of the BIR, BOC and local government unit (LGU), including the certified public accountants (CPAs) in the aforementioned offices. As such, the BOA is interested in knowing and assisting in the immediate implementation of this law which will benefit the government CPAs which are stakeholders of the BOA.

In said letters, I also indicated to Carag that I was previously involved in the drafting of the PTA Act and the initial planning for the implementation of the same when I was the senior deputy commissioner and commissioner of internal revenue from November 2009 to December 2010. I also indicated that the implementation of the law will greatly benefit the government service of the three offices and should be implemented as soon as possible.

Though I still have to be given the IRR, I have since then been contacting the DOF to move forward the issuance of the IRR for the establishment of the academy. I understand that the IRR will soon be approved.

## **Moving forward**

I believe that it is a matter of time before we will have a PTA that will redound to the benefit of both the tax collectors and the tax-paying public. Once the IRR is issued by the DOF, the detailed planning for the implementation and establishment of the academy can proceed.

What are the requirements for this implementation?

Securing a budget appropriation for the PTA must be included in the DOF budget. The DOF is the mother agency responsible for the BIR, BOC and BLGG. Thus, it is the DOF which should include in the department budget the funds for the initial implementation of the academy.

The Board of Trustees (BOT) must convene immediately. This will require appointments by the President of the Philippines from a nominee list to be submitted by the secretary of finance.

The nominees shall include the three representatives from academe. The representative of the DOF, who is designated as the chairman of the board, must call the seven-man BOT for an organizational meeting to discuss the initial implementation and policy issues for the establishment of the academy.

The secretary of finance must appoint the executive officers of the academy consisting of the President and three chancellors and vice chancellors to administer the institutes for the BIR, the BOC and the BLGF.

The executive officers must prepare the strategic and implementation plans for the academy and the three institutes. These shall include formulating the mission and vision of the academy; the venue for the academy and its facilities; the staffing pattern for the administration of the academy; the staffing pattern for the faculty and trainers of the academy; the training curriculum for the three institutes, which shall include a “ladderized” program for the entire career of tax collectors; the admission policies for new recruits of the three tax-collecting agencies, linkages with external organizations to be established, and many other concerns.

A potential venue for the academy and its facilities can be the BIR Regional Office in San Pablo, Laguna. This is a relatively newly constructed facility of the BIR with a large land area for expansion. The

site is appropriate for live-in training of tax officers that is somewhat secluded from the distractions of a metropolis. At the same time, the BIR Regional Office can relocate to a more proximate location in Calamba, Laguna, where the regional government center for Region 4A is located.

In formulating these policies, strategies and procedures, consultations with the various stakeholders should be done. These stakeholders include the tax experts from the various professional and private sector organizations, including the Philippine Institute of Certified Public Accountants, the Tax Management Association of the Philippines, the Integrated Bar of the Philippines. Consultations should also be made with the various government and private sector academic and training organizations.

The ongoing training and human resource programs of the BIR, BOC and LGUs should be reviewed and integrated in the programs of the academy. The various studies conducted on the training requirements and programs of the three agencies should be retrieved and reviewed to determine its relevance.

Assistance in conducting this implementation planning can be secured from the various international developmental organizations, such as the International Monetary Fund, World Bank, USAID, Jica, GTZ, AusAid, Asian Development Bank, UNDP, CIDA, OECD, and others.

With all these in place, it will be a matter of time when the PTA will be a reality and serving the needs of the tax-collecting agencies and the tax-paying public.

