

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



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DEBIT CREDIT

Part One

Today we launch a BusinessMirror column that will be hosted by the members of the accountancy profession. This column is aptly called “Debit Credit,” which is the basic language or principle of all accountants. True to the character of accountants, the articles for this Debit Credit column would present all sides of an issue for a fair assessment. The “debits” and “credits” of a subject would be threshed out.

‘Debit Credit’ articles will be of interest to the accountancy profession, in particular, and to the business community, in general. The writers can be any of the more than 160,000 Certified Public Accountants (CPAs) registered with the Board of Accountancy. The CPAs in the various sectors of commerce and industry, public practice, academe and government will contribute articles of interest in their particular fields. Even junior accountants studying in the various accounting schools can also share their thoughts on relevant matters of interest.

So, readers of this column, expect a varied and interesting “Debit Credit” discussion every week.

For our maiden column, I will discuss the Philippine Tax Academy (PTA) which is a creation of law, but has yet to exist at this time. This Academy should be of interest to us because, once this training center for our tax collectors is organized, we can expect a more professional and capable corps of tax collectors from the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and our local governments.

Better tax administration

Just imagine these scenarios. Tax officers of the BIR discussing the emerging tax-administration governance issues as part of the curriculum of their two-year advance taxation course. BOC officials gathered together in a table to prepare for their midterm examinations on tariff comparative practices in the Asean region. Treasurers of local government units (LGUs) of Metro Manila researching on the topic “Applying Information Technology to Expedite the Tax Payments of Local Business Taxes” using the electronic-library facilities. A corps of professional instructors who are experts in the field of taxation, public finance, revenue administration preparing their lesson plans. A batch of government tax-collecting CPAs receiving their certificates of completion after a year of extensive training. Hundreds of applicants for the vacancies in the BIR, the BOC and the LGUs taking the admission examinations as a requirement for processing of their applications for employment. A group of BIR CPA supervisors checking in the Training Hostel preparatory to the start of their three-month tax-update seminar. The Board of Trustees of the PTA discussing the budget for the coming year.

Are these just figments of our imagination? Dreams that will dissipate when we wake up? These responses are partly correct and partly incorrect.

Correct, in the sense that these are aspirations of the taxpaying public of what the tax-collecting agencies and personnel should be doing in order to have a more effective and enlightened tax collectors. We all can see the benefits of providing organized learning and training to the tax collectors of the BIR, the BOC and the LGUs. These can produce “graduates” who will have a well-rounded and updated knowledge of the tax system and new ways in dealing with the public that they serve. However, most think that these are still far from reality.

The good news is that the perceptions that these are far from reality are incorrect, and that it can be a matter of time when a Philippine Training Academy may be established.

There is now a law that mandates the establishment of the PTA. Republic Act (RA) 10143, or the Philippine Tax Academy Act, became law on July 31, 2010. In fact, this may have been the very first piece of legislation passed under the administration of President Aquino.

I was personally involved in the drafting of the bill for this law and in the swift approval of this bill in both the Senate and the House of Representatives of the Fourteenth Congress sometime early 2010. Rep. Exequiel Javier sponsored the bill in the lower house, while Sen. Panfilo Lacson sponsored the Senate bill.

Beginning with my appointment as Senior Deputy Commissioner of the BIR in August 2009, I advocated for the creation of the Tax Academy.

During the latter part of 2009, I worked with a group of BIR officials to conceptualize the Tax Academy structure. I was able to visit the National Tax College of the National Tax Administration of Japan, observe the operations of such an institution and gain valuable insights.

When I was appointed commissioner of internal revenue in November 2010, I moved for the passage of a law that will create a learning center for the tax collectors of the land, including, of course, the BIR. In early 2010 I constituted a group of young CPAs and lawyers coming from the Junior Executive Development Program (JEDP) of the BIR to help draft a bill that will establish a Tax Training Academy. The idea then is to form a training organization that is separate from the tax-collecting agencies, and that will be focused on providing training and learning to all tax-collecting officers. My JEDP group was able to draft a bill that became the basis for the passage of the Philippine Tax Academy Act. I was able to have this certified as urgent by Malacañang and the approval of the bill in the two chambers of Congress was expedited and fast-tracked. RA 10143 was transmitted to Malacañang on July 1, 2010, and 30 days after, on July 31, 2010, this lapsed into law without the signature of the President, in accordance with Article VI, Section 27(1) of the Constitution. Yes, this is probably the first law passed during the term of President Aquino. And this definitely is one piece of legislation that is much needed for the tax-collecting agencies and officers, as well as the tax-paying public.

Features of the Philippine Tax Academy Act

As provided for in RA 10143, the mandate of the Philippine Tax Academy (“Academy”) is to train, mold, enhance and develop capabilities of tax collectors and administrators to help improve their

tax-collection efficiency, and to become competent and effective public servants for the national interest. Through this specialized institution, it will provide the appropriate education, training skills and values to tax collectors and administrators, and will disseminate tax laws, regulation, guidelines and relevant information to the public.

The Philippine Tax Academy shall serve as a learning institution for tax collectors and administrators of the government and selected applicants from the private sector. It shall handle all the trainings, continuing-education programs and other courses for all the officials and personnel of the BIR, the BOC and the Bureau of Local Government Finance (BLGF). It shall develop and implement a curriculum, which includes those pertaining to: (a) the technical aspects of tax collection, administration and compliance; and (b) the career orientation and development for civil servants. It shall conduct lectures, seminars, workshops and other training programs designed to mold, develop and enhance the skills and knowledge, moral fitness, efficiency and capability of tax collectors and administrators. It shall also perform such other function and duties as may be necessary in carrying out its mandate. The law provided that all existing officials and personnel of the BIR, the BOC and the BLGF shall be required to undergo the re-tooling and enhancement seminars and training programs to be conducted by the PTA. In fact, even applicants to the said bureaus shall also be required to pass the basic courses before they can be hired, whether on contractual or permanent status. Clearly, these provisions of law will ultimately result in a highly trained and competent tax collectors.

Broad powers were given to the PTA. Among others the Academy shall have the following powers:

- (a) To adopt, alter and use a corporate seal;
- (b) To take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, any property, real or personal, without limitation as to amount or value; to convey such property and to invest and reinvest any principal, and deal with and expend the income and principal of the PTA in such manner as will best promote its objectives;
- (c) To collect, receive and maintain a fund or funds, by subscription or otherwise, and to apply the income and principal thereof to the promotion of its aims and purposes herein before set out;
- (d) To contract any obligation, or enter into any agreement necessary or incidental to the proper management of its corporate powers; and
- (e) To carry on any activity and to have and exercise all of the powers conferred by the laws upon private or government-owned or -controlled corporation; and to do any and all of the acts and things herein set forth to the same extent as juridical persons could do, and in any part of the world, as principal, factor, agent or otherwise, alone or in syndicate or otherwise in conjunction with any person, entity, partnership, association or corporation, domestic or foreign.

The law provides that the PTA shall be located in such place or places as the Department of Finance (DOF) may determine. It shall have facilities for instructive learning and workshops; housing/lodging and other facilities to accommodate faculty, staff, personnel and trainees. With all of these facilities, the Academy will be in a position to provide high-quality training to a large number of government tax collectors. In fact,

it is provided in the law that the PTA shall have separate learning institutes each for the BIR, the BOC and the BLGF.

For governance and administration, the PTA shall have a governing board to be known as the Board of Trustees, composed of the following:

- (1) Representative from the DOF—ex officio chairperson;
- (2) Representative from the BIR—ex officio vice chairperson;
- (3) Representative from the BOC—ex officio Vice Chairperson;
- (4) Executive director of the BLGF—member; and
- (5) Three representatives from academe with at least five years of teaching experience from a reputable school.

The representatives from the DOF, the BIR and the BOC shall be appointed by the President of the Philippines from the nominees of the secretary of finance.

The representatives coming from academe shall be appointed from the nominees of the state universities and/or accredited private educational institutions; chosen on the basis of years of experience, integrity, probity; and proven expertise in the field of taxation, public finance, public administration and have taught in a reputable school for the same number of years.

The members of the Board of Trustees shall serve for a term of three (3) years. In case of vacancy in the Board, the person so appointed or designated shall serve only for the unexpired term.

The members of the Board of Trustees shall serve without compensation for the performance of their functions, but they shall be entitled to reasonable honoraria, allowance or per diem pursuant to existing laws and regulations.

The law provides that the executive officials of the Academy shall be composed of a president and three chancellors and vice chancellors to administer the institutes for the BIR, the BOC and the BLGF, respectively, all to be appointed by the Secretary of finance for a term of three (3) years without prejudice to subsequent reappointment.

In term of of the teaching faculty, the PTA shall be staffed by a corps of professional instructors with sufficient knowledge, education, training and actual experience in taxation, public finance and revenue administration, among others. An instructor shall be appointed by the Board of Trustees, upon nomination of any member. The requirements and restrictions of the Civil Service Law, laws, rules and regulations on position classification and salary standardization shall be observed in the appointment of the instructors of the Academy. For the purpose of filling up the staffing requirements for the corps of professional instructors, officers, employees or personnel of the BIR, the BOC and the BLGF may be transferred to and from the Academy and their respective institutions.

Appointments to the administrative or research staff of the PTA may be on a full-time or part-time basis, and shall be covered by the requirements and restrictions of the Civil Service Law, laws, rules and regulations on position classification and salary standardization. For the purpose of filling up the staffing requirements, officers, employees or

personnel of the BIR, the BOC and the BLGF may be transferred to and from the Academy and their respective institutions.

The PTA may enter into consortium agreements and joint-venture agreements with the University of the Philippines, public and private universities and training institutions for the development and implementation of the curriculum, programs for orientation, career development and continuing education in tax collection, auditing, administration and compliance.

The Academy has full autonomy in the funding for its operations. As a government institution, the Academy will be allotted a budget during the annual appropriation process. Furthermore, the Academy can solicit gifts and donations, which will be deposited in a special fund to be known as the Tax Academy Fund. This fund shall be administered, appropriated and disbursed by the Board of Trustees of the PTA exclusively for the purposes of this Academy. The Academy can also implement revenue-generating activities, such as organizing seminars, publishing books, doing consulting work and others. Finally, it is provided for in the law that all income, gifts, donations, foreign aids and grants for the benefit of the PTA or for its operation, administration, support or maintenance shall be exempt from all forms of taxes, fees, assessments and other charges of the government, its agencies, instrumentalities branches and subdivisions.

So, with all these provisions provided in the law creating the PTA, there is no reason why the Academy will not be able to meet the expectation of all its stakeholders and the corresponding benefits achieved.

Clearly, with a Tax Academy in place, the benefits for the tax-collecting agencies and the tax-paying public will be attained.

For the tax-collecting agencies, the following are the benefits:

- 1) A dedicated learning institution will be established that will have the authority and powers to ensure that an organized and long-term training and learning program will be implemented for the BIR, the BOC and the LGUs.
- 2) The tax-collecting officers and staff of the BIR, the BOC and the LGUs will be imbued with the learning that will help them in their work, as well as instill in them the relevant knowledge and practices for their work.
- 3) The career advancement and promotion of the officers and staff of the BIR, the BOC and the LGUs can be governed by a system of meritocracy based on their successful completion of the learning requirements of the Tax Academy.
- 4) The hiring of new staff will also be governed by a similar system of meritocracy resulting in good quality of recruits.

On the part of the-tax paying public, they will greatly benefit with a corps of tax collecting officers who are well-trained and imbued with governance practices.

To be continued