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DEBIT CREDIT

THE BIR AND THE CPA

On the occasion of the 113th year founding anniversary of the Bureau of Internal Revenue (“BIR”) which will be celebrated on August 2, 2017, I will share tidbits on the many engagements that the accountancy profession, the Board of Accountancy (“BoA”) and the Certified Public Accountants (“CPAs”) have had with this venerable institution over the years,

With regard the leaders of the BIR, in the more recent decades, there have been at least seven Commissioners of the BIR who were CPAs. They are Misael Vera, Beethoven Rualo, Dakila Fonacier, Lilian Hefti, Sixto Esquivias, Kim Henares and yours truly. The portraits of these CPA commissioners are now on display at the Commissioners Hall in the BIR National Office. CPAs also abound in the over 9,500 work force (as of December 31, 2015 in the BIR Annual Report) of the BIR, with a large number in the management, assessment and information technology groups. The BIR also recently announced that it will be hiring over 10,000 personnel to beef up their manpower, These will include several thousands of CPAs. The Board of Accountancy has been providing assistance to the BIR in its recruitment campaign with the regular participation of the BIR in the job fair held in during the mass oath taking of the new CPAs in the Philippine International Convention Center.

The Department of Finance is also planning to implement the Philippine Tax Academy as prescribed in Republic Act No 10143. During my term as BIR Commissioner, I initiated the passage of this law creating the Philippine Tax Academy for the training and development of the tax officials and collectors of the BIR, Bureau of Customs and the Local Government Treasurers. With the creation of the Tax Academy, the tax collectors of the various tax collecting agencies will have a dedicated training institution that will address their learning requirements. Government CPAs comprise a great number of these tax collectors who will benefit from the Philippine Tax Academy, CPAs can also be tapped as training resource persons when the academy is organized,

It is also worthwhile noting that the tax reform proposals under House Bill 5636 (Tax Reform for Acceleration and Inclusion or “TRAIN”) include two measures that will directly affect the accountancy profession and the CPA. One of these is the taxation of the professionals. The TRAIN proposes that self-employed individuals and professionals, including CPAs, whose gross sales or gross revenues are below the threshold of P3,000,000 shall be subject to an eight per cent (8%) income tax on gross sales or gross revenues in excess of P250,000 and this will be in lieu of Value Added Tax and Percentage tax. If their gross sales are above the threshold of P3,000,000, they shall be taxed in the same manner as corporations as to the applicable tax rate, minimum income tax and allowable deductions.

Another proposal in the TRAIN which will directly affect the CPAs, specially the external auditors, is the revision of the audit threshold prescribed in Section 212 of the Tax Code. From the current provision of annual gross sales of P600,000, the proposal increases the threshold amount for the requirement of the audit by an independent CPA of the accounts of businesses to that of gross quarterly sales exceeding P750,000 or P3 Million of annual sales.

The over 180,000 BoA registered CPAs continue their engagements with the BIR in all four main sectors of practice of accountancy of commerce and industry public practice, academe and government, They can be counted to be partners with the BIR in nation building,

Congratulations to the BIR on their 113th year.

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This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to [boa.secretariat.@gmail.com](mailto:boa.secretariat@gmail.com)